

**CADDO-SHREVEPORT SALES AND  
USE TAX COMMISSION  
SHREVEPORT, LOUISIANA  
JUNE 30, 2021**

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SHREVEPORT, LOUISIANA

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**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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October 25, 2021

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

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Caddo-Shreveport Sales and Use Tax Commission, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 statements.

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

**HMV**

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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Caddo-Shreveport Sales and Use Tax Commission, as of June 30, 2021, and the respective changes in modified cash basis financial position, and the respective modified cash basis budgetary comparison statement for the general fund for the year then ended, in accordance with the basis of accounting described in Note 2.

### ***Basis of Accounting***

As described in Note 2, the financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the basic financial statements of Caddo-Shreveport Sales and Use Tax Commission. The management's discussion and analysis information on Pages 3 through 6 is presented for purposes of additional analysis and is not a required part of the basic modified cash basis financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The information on Page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 2.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Caddo-Shreveport Sales and Use Tax Commission provides an overview of the Commission's financial activities for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the Commission's financial statements, which begin on Page 7.

### FINANCIAL HIGHLIGHTS

The Commission's net position increased by \$85,465 or 14.1%.

The Commission's total revenues were \$1,250,522 in 2021 compared to \$1,241,311 in 2020.

During the year ended June 30, 2021, the Commission had total expenses, including depreciation, of \$1,165,057 compared to \$1,111,622 in 2020.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 7 and 8) provide information about the activities of the Commission as a whole. Fund financial statements start on Page 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds. The accompanying financial statements present information only on the funds maintained by the Commission, excluding agency funds, which do not measure operations of the Commission.

#### Reporting the Funds Maintained by the Commission as a Whole

##### The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the Commission as a whole begins on Page 7. The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Commission as a whole and about its activities. These statements include all assets and liabilities using the *modified cash basis of accounting*.

These two statements report the Commission's *net position* and changes in them. The Commission's net position - the difference between assets and liabilities - is one way to measure the Commission's financial health, or *financial position*. Over time, *increases or decreases* in the Commission's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the activities in the funds maintained by the Commission as governmental activities:

Governmental activities - expenses related to, and resources provided for, the administration of local sales tax laws.

## Reporting the Most Significant Funds Maintained by the Commission

Our analysis of the major funds maintained by the Commission begins on Page 9. The fund financial statements provide detailed information about the most significant funds maintained by the Commission - not necessarily the Commission as a whole. The Commission's funds use the following accounting approaches.

Governmental fund - All of the Commission's expenses in administering sales tax laws are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified cash basis*. The governmental fund statements provide a detailed *short-term view* of the Commission's operations and the expenses paid from the fund. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Commission expenses. We describe the relationship or differences (if any) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation of the fund financial statements.

## THE FUNDS MAINTAINED BY THE COMMISSION AS A WHOLE

The Commission's total net position changed from a year ago, increasing from \$605,757 to \$691,222. Our analysis below focuses on key elements of the total funds for the 2021 and 2020 fiscal years.

**Table 1**  
**Net Position**

	<u>Government-Wide Activities</u>	
	<u>2021</u>	<u>2020</u>
Current assets	267,384	153,225
Capital assets	<u>425,554</u>	<u>454,707</u>
Total assets	692,938	607,932
Current liabilities	<u>1,715</u>	<u>2,175</u>
Total liabilities	1,715	2,175
Net position:		
Investments in capital assets	425,554	454,707
Restricted for capital projects	56,916	40,714
Unrestricted	<u>208,752</u>	<u>110,336</u>
Total net position	<u>691,222</u>	<u>605,757</u>

Net position of the funds maintained by the Commission increased by \$85,465 or 14.1%.

**Table 2**  
**Changes in Net Position**

	<u>Government-Wide Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Charges for services	498,522	408,311
Intergovernmental	<u>752,000</u>	<u>833,000</u>
Total revenues	1,250,522	1,241,311
Expenses		
General governmental	<u>1,165,057</u>	<u>1,111,622</u>
Increase in net position	<u>85,465</u>	<u>129,689</u>

For the funds maintained by the Commission, total revenues increased \$9,211 during 2021. This reflected an overall increase in charges for services of \$90,211, which allowed a decrease in intergovernmental transfers from the City of Shreveport and Caddo Parish School Board of \$81,000.

In addition, total expenses increased by \$53,435 during 2021, mainly resulting from higher professional fees, bank service fees, and personnel costs.

**TAX COLLECTIONS AND DISTRIBUTIONS**

Sales and occupancy tax collections for the years ended June 30, 2021 and 2020 amounted to \$270,715,950 and \$242,454,430, respectively. Distributions of these taxes to appropriate governmental jurisdictions within Caddo Parish during the same period of time amounted to \$270,601,352 and \$243,059,504, respectively. Collections and distributions during the same fiscal year generally differ because it takes several business days to process collections before they can be accurately distributed.

**CAPITAL ASSETS**

At the end of 2021, the Commission had invested \$425,554 in capital assets, net of accumulated depreciation, from those funds maintained by the Commission.

**Table 3**  
**Capital Assets at Year End**

	<u>Government-Wide Activities</u>	
	<u>2021</u>	<u>2020</u>
Equipment	417,029	431,685
Land	60,228	60,228
Building and improvements	<u>554,654</u>	<u>554,654</u>
	1,031,911	1,046,567
<u>Less-accumulated depreciation</u>	<u>(606,357)</u>	<u>(591,860)</u>
	<u>425,554</u>	<u>454,707</u>

Major additions included:

Sales tax software and/or IT equipment	<u>7,011</u>	<u>175,730</u>
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It is anticipated that the Commission's net position will generally hold steady in 2021. The Commission has added no major new programs or initiatives to be funded in 2021.

#### **CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Commission and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrator at Caddo-Shreveport Sales and Use Tax Commission at 3300 Dee Street, Shreveport, Louisiana 71105; telephone 318-865-3312.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF NET POSITION

(MODIFIED CASH BASIS)

JUNE 30, 2021

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
<u>Cash:</u>	
Operating	201,859
Capital reserve	56,916
Payroll	5,609
Due from other funds	3,000
Property and equipment, net of depreciation	<u>425,554</u>
Total assets	692,938
<u>LIABILITIES</u>	
Miscellaneous payables	<u>1,716</u>
<u>NET POSITION</u>	
Net investment in property and equipment	425,554
Restricted for capital projects	56,916
Unrestricted	<u>208,752</u>
Total net position	<u><u>691,222</u></u>

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

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF ACTIVITIES

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2021

<u>Primary Government Programs</u>	<u>Expenses</u>	<u>Program Revenue- Charges for Services</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
General government-collection of sales tax	<u>1,165,057</u>	<u>498,522</u>	(666,535)
General revenues: Intergovernmental operating			<u>752,000</u>
Change in net position			85,465
Net position-July 1, 2020			<u>605,757</u>
Net position-June 30, 2021			<u>691,222</u>

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

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

BALANCE SHEET-GOVERNMENTAL FUNDS

(MODIFIED CASH BASIS)

JUNE 30, 2021

<u>A S S E T S</u>	<u>Governmental Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Cash:-Note 11</u>			
Operating	201,859	-	201,859
Capital Reserve	-	56,916	56,916
Payroll	5,609	-	5,609
Due from other governments	24,025	-	24,025
Due from other fund - Note 4	3,000	-	3,000
 Total assets	<u>234,493</u>	<u>56,916</u>	<u>291,409</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Refunds due	24,026	-	24,026
Miscellaneous payables	1,715	-	1,715
Total liabilities	25,741	-	25,741
 <u>Fund equity:</u>			
Fund balance-assigned	-	56,916	56,916
Fund balance-unassigned	208,752	-	208,752
Total fund equity	208,752	56,916	265,668
 Total liabilities and fund equity	<u>234,493</u>	<u>56,916</u>	<u>291,409</u>

Reconciliation of fund equity of governmental funds to  
net position of governmental activities:

Total fund equity of governmental funds 265,668

The governmental funds reports fixed asset as expenditures.  
However, for purposes of governmental activities, fixed assets,  
net of accumulated depreciation, are capitalized as property  
and equipment. 425,554

Total net position of governmental activities 691,222

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

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2021

	<u>Governmental Funds</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	
<u>Revenues:</u>			
Intergovernmental operating	752,000	-	752,000
Charges for services	455,029	-	455,029
Charges for litigation	38,728	-	38,728
Miscellaneous	4,765	-	4,765
Total revenues	<u>1,250,522</u>	<u>-</u>	<u>1,250,522</u>
<u>Expenditures:</u>			
Personnel Services-Note 9	832,995	-	832,995
Operating services	67,740	-	67,740
Professional services	206,452	-	206,452
Insurance	10,554	-	10,554
Supplies	8,675	-	8,675
Travel	1,923	-	1,923
Capital expenditures-Note 3	2,954	4,611	7,565
Total expenditures	<u>1,131,293</u>	<u>4,611</u>	<u>1,135,904</u>
<u>Excess (deficit) of revenues over expenditures</u>	119,229	(4,611)	114,618
<u>Other operating financing sources (uses):</u>			
Operating transfers in (out)	(20,813)	20,813	-
Total other operating financing sources (uses)	<u>(20,813)</u>	<u>20,813</u>	<u>-</u>
<u>Excess of revenues and other sources over expenditures and other uses for operations</u>	98,416	16,202	114,618
<u>Fund balance - July 1, 2020</u>	<u>110,336</u>	<u>40,714</u>	<u>151,050</u>
<u>Fund balance - June 30, 2021</u>	<u>208,752</u>	<u>56,916</u>	<u>265,668</u>

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

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Change in Net Position  
of Governmental Activities:

Net change in fund balance-governmental funds	114,618
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The governmental funds report purchases of fixed assets as expenditures. However, for purposes of governmental activities, such payments are capitalized as property and equipment. This is the amount by which fixed asset purchases (\$7,565) exceed the net book value of dispositions (\$8)	7,557
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The governmental funds do not report depreciation of property and equipment. However, for purposes of governmental activities, depreciation is reported as an expense.	<u>(36,710)</u>
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Change in net position of governmental activities	<u>85,465</u>
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The accompanying notes are an integral part of these financial statements.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

BUDGETARY COMPARISON STATEMENT-GENERAL FUND

(MODIFIED CASH BASIS)

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental operating	893,200	893,200	752,000	(141,200)
Charges for services	400,000	400,000	455,029	55,029
Charges for litigation	-	-	38,728	38,728
Miscellaneous	-	-	4,765	4,765
Total revenues	<u>1,293,200</u>	<u>1,293,200</u>	<u>1,250,522</u>	<u>(42,678)</u>
<u>Expenditures:</u>				
Personnel Services	869,100	869,100	832,995	36,105
Operating services	73,900	80,325	67,740	12,585
Professional services	263,000	263,000	206,452	56,548
Insurance	11,400	11,400	10,554	846
Supplies	11,800	11,800	8,675	3,125
Travel	16,000	9,575	1,923	7,652
Operating reserve	20,000	20,000	-	20,000
Capital expenditures	4,000	4,000	2,954	1,046
Total expenditures	<u>1,269,200</u>	<u>1,269,200</u>	<u>1,131,293</u>	<u>137,907</u>
<u>Excess of revenues over expenditures</u>	<u>24,000</u>	<u>24,000</u>	<u>119,229</u>	<u>95,229</u>
<u>Other operating financing sources (uses):</u>				
Operating transfers in (out)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(20,813)</u>	<u>3,187</u>
Total other operating financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(20,813)</u>	<u>3,187</u>
<u>Excess of revenues and other sources over expenditures and other uses for operations</u>	<u>-</u>	<u>-</u>	<u>98,416</u>	<u>98,416</u>

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

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF FIDUCIARY NET POSITION-AGENCY FUND

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2021

<u>A S S E T S</u>	<u>Agency Fund</u>
Cash:-Note 11	
Clearing	487,277
Escrow	503,740
Louisiana asset management pool	834
Due from other governments	<u>24,026</u>
 Total assets	 <u>1,015,877</u>
 <u>L I A B I L I T I E S</u>	
Refunds due-Note 7	24,026
Sales tax paid under protest-Note 5	433,807
Miscellaneous escrow-Note 6	13,529
Interest escrow	57,238
Due to other fund-Note 4	3,000
Due to other governments-Note 8	<u>484,277</u>
 Total liabilities	 <u>1,015,877</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, 2021

### **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 Chief Financial Officer of the City, the Chief Internal Auditor of the School Board, and the Chief Financial Officer 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 by 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 financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or balance sheet cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include receivables, capital assets, and short-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid), are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event (such as postemployment benefit obligations) are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

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

The following is a summary of certain significant accounting policies:

### 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.

### Basic Financial Statements – Government-Wide Statements

The Commission's basic financial statements include both government-wide financial statements (GWFS) (reporting all the activities of the Commission as a whole) and fund financial statements (reporting the Commission's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the Commission has only one primary activity – the collection and distribution of sales taxes, which is classified as a governmental activity.

The content and certain titles of the GWFS were changed upon the adoption by the Commission in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a modified cash, economic resources basis, which recognizes certain long-term assets and liabilities. The Commission's net position is reported in three parts – net investment in property and equipment, restricted, and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of the Commission's functions. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. The net costs (by function) are normally covered by general revenue.

This government-wide focus is more on the sustainability of the Caddo-Shreveport Sales and Use Tax Commission as an entity and the change in the Commission's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide financial statements.

### Basic Financial Statements – Fund Financial Statements

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 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. Fund equity is referred to as fund balance. Fund balance is classified according to a hierarchy that shows, from the highest to lowest level of constraint on the use of that fund balance, the extent to which the Commission is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

#### Capital Projects Fund

This fund is used to account for resources received, held, or used for the acquisition, construction, or improvement of capital facilities and equipment 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 its disbursement to the various taxing jurisdictions. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

#### Budget

The budget amounts shown in the financial statements are the original and 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 paid. Unused budgeted funds lapse at the end of each year.

#### Cash in Banks

All deposits are held in financial institutions 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 institution. For financial statement purposes, cash includes cash on hand and non-restricted bank deposits.

#### 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)**

Disposition of Funds

All applicable sales and occupancy taxes collected are deposited promptly into a segregated bank account. The proper amounts are wire transferred to the Caddo Parish School Board, the City of Shreveport, the City of Bossier City, the Towns of Vivian, Oil City, Mooringsport, Blanchard, Greenwood, Rodessa, Ida, Caddo Parish Sales Tax District #1, Caddo Parish Law Enforcement District, the Shreveport-Bossier Convention and Tourist Bureau, North Caddo Hospital District, Caddo Parish Fire District #1, Caddo Parish Fire District #3, Regional Air Service Alliance, Shreveport-Bossier Sports Commission, and Independence Bowl Foundation, 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 bank account 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, Ida, Caddo Parish Sales Tax District #1, Caddo Parish Law Enforcement District, North Caddo Hospital District, Caddo Parish Fire District #1, Caddo Parish Fire District #3, and the use and occupancy taxes on hotel and motel rooms for the Shreveport-Bossier Convention and Tourist Bureau, Regional Air Service Alliance, Shreveport-Bossier Sports Commission, and Independence Bowl Foundation. The Commission receives fees for this service and as instructed by the Board of Commissioners, records them as revenues in the General 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 operating transfers.

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. Insurance settlements did not exceed insurance coverage for the past three fiscal years, nor has there been any significant reduction in insurance coverage since the prior fiscal year.

### Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

### Property and Equipment

Property and equipment acquired with an original cost of at least \$500 and with an estimated useful life over one year are capitalized and depreciated in the government-wide statement of net assets. Depreciation is recorded using the straight-line method over the assets' estimated useful lives, as follows:

Building	40 years
Improvements	40 years
Equipment	3-10 years

### Fund Equity in Fund Financial Statements

Governmental fund equity is classified as fund balance. Beginning in 2011, the Commission implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Commission had no nonspendable resources as of year end.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources that are either:
  - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
  - Imposed by law through constitutional provisions or enabling legislation.

The Commission had no restricted resources as of year end.

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

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Commission's board of commissioners, which is the Commission's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Commission did not have any committed resources as of year end.
- **Assigned:** This classification includes spendable amounts that are reported in governmental funds *other than the General Fund*, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Commission's board of commissioners, or a subordinate high-level body, such as a finance committee, or an official, such as the administrator, that has the authority to assign amounts to be used for specific purposes.
- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Commission would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

**3. Property and Equipment**

The following is a summary of changes in property and equipment for the year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Land	60,228	-	-	60,228
Building	544,658	-	-	544,658
Improvements	9,996	-	-	9,996
Equipment	431,685	7,565	(22,221)	417,029
Total cost	1,046,567	7,565	(22,221)	1,031,911
Accumulated depreciation	(591,860)	(36,710)	22,213	(606,357)
Property and equipment, net	454,707	(29,145)	(8)	425,554

**4. Due From/To 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.

**4. Due From/To Other Fund (Continued)**

At June 30, 2021, these balances were as follows:

<u>Fund</u>	<u>Due From Other Fund</u>	<u>Due To 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 recorded in 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.

**8. Due to Other Governments**

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

**9. 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 full-time employees are required to participate in the PERS. The plan provides pension, death, and disability benefits. Authority for the Commission to participate in the plan is contained in the ordinances of the City of Shreveport, which also sets forth plan contribution rates. A member may retire at age 65 with ten or more years of service, age 55 with 20 years of service, or at any age with 30 years of service. Benefits vest after fifteen years of service (ten years of service if hired before 2015). 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 3.33% 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 an amount that is dependent upon the length of time remaining until normal retirement age, as defined in the plan. 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.

**9. 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 approximately \$451,000; its total current year payroll amounted to approximately \$535,000 for the year ended June 30, 2021.

**Contributions Required and Made**

Employees of the Commission are required to pay 12.00% of their gross compensation to the traditional pension plan. In addition, they may pay an additional 4.00% to a combination of savings and 401a plans. The Commission is required to contribute 30.00% (28.00% until January 1, 2021) of its gross covered payroll to the plan. Three-year trend information follows:

	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>	<u>June 30,</u> <u>2019</u>
Required contribution	129,973	123,153	131,838
Actual contribution	129,973	123,153	131,838
As a percentage of covered payroll	30.00%	28.00%	26.00%

**Funding Status and Progress**

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB 68 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.

Ten year historical trend information is presented in the 2020 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 2020 and as of June 30, 2021, the City of Shreveport PERS held no securities issued by the Commission.

Hospitalization, dental, and life insurance are also provided. The cost of these plans is shared by the employees and the Commission at a ratio of 33% and 67%. The cost to the Commission was approximately \$160,000 for the year ended June 30, 2021.

**10. 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, 2021, totaled approximately \$13,562.

**11. Cash**

As of June 30, 2021, the Commission had on deposit with financial institutions bank balances totaling \$1,420,154. This amount was insured by deposit insurance of \$250,000; the excess was entirely collateralized with U.S. Treasury securities held by the financial institution in the Commission's name.

**12. Other Post-Employment Benefits**

In addition to the pension benefits described in Note 9, the Commission pays 50% of the premiums for post-employment health care benefits, in accordance with ordinances of the City of Shreveport, to all Commission retirees for the remainder of their lives. Expenditures for these premiums are generally made monthly and amounted to approximately \$65,000 for the year ended June 30, 2021 for the eight participant retirees. The obligation for payment of health care benefits rests with the insurance company, and the Commission does not guarantee benefits in the event of the insurance company's insolvency.

**13. Budget Variances**

Total revenues of \$1,250,522 were less than the budgeted amount by \$42,678 or 3.3% because total expenditures and other operating financing uses of \$1,152,106 also were under-budget by \$141,094, making it possible for the Commission to reduce its intergovernmental operating draws.

**14. Taxes Collected and Distributed**

Tax collections and distributions are accounted for in the Commission's agency fund. Tax collections for the fiscal year ended June 30, 2021 amounted to \$267,009,708 in sales taxes, and \$3,709,243 in occupancy taxes. Excluded from this amount was approximately \$299,950 in potential over payments of sales taxes. Total distributions to each taxing authority for the fiscal year ended June 30, 2021 are shown in the following table:

Sales Taxes

Caddo Parish School Board	87,676,389
Law Enforcement District of Caddo	20,433,506
Sales Tax District No. 1	12,972,300
City of Shreveport	137,572,889
Town of Vivian	1,419,156
Town of Oil City	216,944
Town of Mooringsport	63,997
Town of Greenwood	751,931
Village of Rodessa	18,596
Town of Blanchard	439,289
Village of Ida	110,159
North Caddo Hospital District	1,470,022
Caddo Parish Fire District No. 1	2,289,052
Caddo Parish Fire District No. 3	1,470,161
	<hr/>
	266,904,391

Occupancy Taxes

Shreveport-Bossier Convention and Tourist Bureau	1,848,135
City of Shreveport	462,203
City of Bossier City	462,203
Shreveport-Bossier Sports Commission	308,140
Arklatex Regional Air Service Alliance	308,140
Independence Bowl Foundation	308,140
	<hr/>
	3,696,961

Total distributed 270,601,352

**15. Uncertainties Arising due to the Pandemic**

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses.

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Commission operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Commission, it is continuing to evaluate and monitor the effect of these changes on its operations and tax collections.

**16. Subsequent Events**

The Commission is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The entity performed such an evaluation through October 25, 2021, the date which the financial statements were available to be issued, and noted no such subsequent events.

**SUPPLEMENTARY INFORMATION**

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SUPPLEMENTARY INFORMATION IN ACCORDANCE WITH

LOUISIANA REVISED STATUTE 24:513(A)(3)

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2021

Agency Head: Gail B. Howell, Administrator

Salary	85,152
Benefits-insurance-health and life	11,587
Registration fees	90

**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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October 25, 2021

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

**Independent Auditor's 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**

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 modified cash basis financial statements of the governmental activities and each major fund of Caddo-Shreveport Sales and Use Tax Commission (the Commission), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 25, 2021.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion of the effectiveness of the Commission's internal control.

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

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

We have audited the modified cash basis financial statements of Caddo-Shreveport Sales and Use Tax Commission as of and for the year ended June 30, 2021, and have issued our report thereon dated October 25, 2021. 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. Our audit of the financial statements as of June 30, 2021 resulted in an unmodified opinion.

A. Summary of Auditor's Reports

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

Internal Control - No material weaknesses or significant deficiencies were noted.

Compliance - No material noncompliance was noted.

b. Federal Awards – None

B. Findings – Financial Statement Audit

None

C. Findings – Major Federal Award Programs

Not Applicable

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2021

There were no findings as a result of the June 30, 2020 audit.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR CURRENT YEAR FINDINGS

YEAR ENDED JUNE 30, 2021

There were no findings as a result of the June 30, 2021 audit.