

**CADDO-SHREVEPORT SALES AND  
USE TAX COMMISSION  
SHREVEPORT, LOUISIANA  
JUNE 30, 2019**

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

**AUDITED FINANCIAL STATEMENTS**

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis (Unaudited)	3-6
Audited Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis)	7
Statement of Activities (Modified Cash Basis)	8
Fund Financial Statements:	
Balance Sheet-Governmental Funds (Modified Cash Basis)	9
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds (Modified Cash Basis)	10-11
Budgetary Comparison Statement-General Fund (Modified Cash Basis)	12
Statement of Fiduciary Net Position-Agency Fund (Modified Cash Basis)	13
Notes to the Financial Statements	14-22

**SUPPLEMENTARY INFORMATION**

Supplementary Information in Accordance with Louisiana Revised Statute 24:513(A)(3)	23
---	----

**OTHER REPORTS**

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 <i>Government Auditing Standards</i>	24-25
Schedule of Findings and Questioned Costs	26
Schedule of Prior Year Findings	27
Management's Corrective Action Plan for Current Year Findings	28

**AUDITED FINANCIAL STATEMENTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

October 4, 2019

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, 2019, 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**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

### ***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, 2019, 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 23 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 4, 2019 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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, 2019 and 2018. Please read it in conjunction with the Commission's financial statements, which begin on Page 7.

### FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$13,642 or 2.8%.

The Commission's total revenues were \$1,168,250 in 2019 compared to \$1,141,139 in 2018.

During the year ended June 30, 2019, the Commission had total expenses, including depreciation, of \$1,181,892.

### 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, decreasing from \$489,710 to \$476,068. Our analysis below focuses on key elements of the total funds for the 2019 and 2018 fiscal years.

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

	<u>Government-Wide Activities</u>	
	<u>2019</u>	<u>2018</u>
Current assets	167,070	172,936
Capital assets	<u>311,675</u>	<u>319,921</u>
Total assets	478,745	492,857
Current liabilities	<u>2,677</u>	<u>3,147</u>
Total liabilities	2,677	3,147
Net position:		
Investments in capital assets	311,675	319,921
Restricted for capital projects	59,056	50,616
Unrestricted	<u>105,337</u>	<u>119,173</u>
Total net position	<u>476,068</u>	<u>489,710</u>

Net position of the funds maintained by the Commission decreased by \$13,642 or 2.8%.

**Table 2  
Changes in Net Position**

	<u>Government-Wide Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues		
Charges for services	448,250	406,139
Intergovernmental	<u>720,000</u>	<u>735,000</u>
Total revenues	1,168,250	1,141,139
Expenses		
General governmental	<u>1,181,892</u>	<u>1,142,904</u>
(Decrease) in net position	<u><u>(13,642)</u></u>	<u><u>(1,765)</u></u>

For the funds maintained by the Commission, total revenues increased \$27,111 during 2019. This reflected an overall decrease in intergovernmental transfers from the City of Shreveport and Caddo Parish School Board, offset by an increase in charges for services.

In addition, total expenses increased by \$38,988 during 2019, mainly resulting from higher professional fees and increased personnel costs.

**TAX COLLECTIONS AND DISTRIBUTIONS**

Sales and occupancy tax collections for the years ended June 30, 2019 and 2018 amounted to \$241,259,104 and \$239,047,148, respectively. Distributions of these taxes to appropriate governmental jurisdictions within Caddo Parish during the same period of time amounted to \$245,353,230 and \$237,912,464, respectively. Collections and distributions during the same fiscal year differ because it takes several business days to process collections before they can be accurately distributed.

**CAPITAL ASSETS**

At the end of 2019, the Commission had invested \$311,675 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>2019</u>	<u>2018</u>
Equipment	284,919	272,285
Land	60,228	60,228
Building and improvements	<u>554,654</u>	<u>554,654</u>
	899,801	887,167
<u>Less-accumulated depreciation</u>	<u>(588,126)</u>	<u>(567,246)</u>
	<u><u>311,675</u></u>	<u><u>319,921</u></u>
Major additions included:		
Computers and related equipment	<u><u>17,529</u></u>	<u><u>2,392</u></u>

It is anticipated that the Commission's net position will generally hold steady in 2019. The Commission has added no major new programs or initiatives to be funded in 2019.

#### **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, 2019

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
<u>Cash:</u>	
Operating	100,722
Capital reserve	59,056
Payroll	4,292
Due from other funds	3,000
Property and equipment, net of depreciation	<u>311,675</u>
Total assets	478,745
<u>LIABILITIES</u>	
Miscellaneous payables	<u>2,677</u>
<u>NET POSITION</u>	
Net investment in property and equipment	311,675
Restricted for capital projects	59,056
Unrestricted	<u>105,337</u>
Total net position	<u><u>476,068</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, 2019

<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>1,181,892</u>	<u>448,250</u>	(733,642)
General revenues: Intergovernmental operating			<u>720,000</u>
Change in net position			(13,642)
Net position-July 1, 2018			<u>489,710</u>
Net position-June 30, 2019			<u><u>476,068</u></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, 2019

<u>ASSETS</u>	<u>Governmental Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
Cash:-Note 11			
Operating	100,722	-	100,722
Capital Reserve	-	59,056	59,056
Payroll	4,292	-	4,292
Due from other fund - Note 4	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total assets	<u>108,014</u>	<u>59,056</u>	<u>167,070</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Miscellaneous payables	<u>2,677</u>	<u>-</u>	<u>2,677</u>
Total liabilities	2,677	-	2,677
 <u>Fund equity:</u>			
Fund balance-assigned	-	59,056	59,056
Fund balance-unassigned	<u>105,337</u>	<u>-</u>	<u>105,337</u>
Total fund equity	<u>105,337</u>	<u>59,056</u>	<u>164,393</u>
Total liabilities and fund equity	<u>108,014</u>	<u>59,056</u>	<u>167,070</u>

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

Total fund equity of governmental funds 164,393

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. 311,675

Total net position of governmental activities 476,068

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, 2019

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Revenues:</u>			
Intergovernmental operating	720,000	-	720,000
Charges for services	397,705	-	397,705
Charges for litigation	48,024	-	48,024
Miscellaneous	<u>2,521</u>	-	<u>2,521</u>
Total revenues	1,168,250	-	1,168,250
<u>Expenditures:</u>			
Personnel Services-Note 9	837,527	-	837,527
Operating services	66,966	-	66,966
Professional services	226,173	-	226,173
Insurance	9,885	-	9,885
Supplies	8,722	-	8,722
Travel	12,690	-	12,690
Capital expenditures-Note 3	<u>2,967</u>	<u>8,716</u>	<u>11,683</u>
Total expenditures	<u>1,164,930</u>	<u>8,716</u>	<u>1,173,646</u>
<u>Excess (deficit) of revenues over expenditures</u>	3,320	(8,716)	(5,396)
<u>Other operating financing sources (uses):</u>			
Operating transfers in (out)	<u>(17,156)</u>	<u>17,156</u>	-
Total other operating financing sources (uses)	<u>(17,156)</u>	<u>17,156</u>	-
<u>Excess (deficit) of revenues and other sources over expenditures and other uses for operations</u>	(13,836)	8,440	(5,396)
<u>Fund balance - July 1, 2018</u>	<u>119,173</u>	<u>50,616</u>	<u>169,789</u>
<u>Fund balance - June 30, 2019</u>	<u>105,337</u>	<u>59,056</u>	<u>164,393</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, 2019

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	(5,396)
---	---------

The governmental funds report purchases of fixed assets as expenditures. However, for purposes of governmental activities, such payments are capitalized as property and equipment.	17,529
---	--------

The governmental funds do not report depreciation of property and equipment. However, for purposes of governmental activities, depreciation is reported as an expense.	<u>(25,775)</u>
--	-----------------

Change in net position of governmental activities	<u><u>(13,642)</u></u>
---	------------------------

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, 2019

	<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	902,000	902,000	720,000	(182,000)
Charges for services	360,000	360,000	397,705	37,705
Charges for litigation	-	-	48,024	48,024
Miscellaneous	-	-	2,521	2,521
Total revenues	<u>1,262,000</u>	<u>1,262,000</u>	<u>1,168,250</u>	<u>(93,750)</u>
<u>Expenditures:</u>				
Personnel Services	856,800	856,800	837,527	19,273
Operating services	75,800	83,900	66,966	16,934
Professional services	243,000	251,500	226,173	25,327
Insurance	11,900	11,900	9,885	2,015
Supplies	11,500	11,500	8,722	2,778
Travel	16,000	16,000	12,690	3,310
Operating reserve	20,000	3,400	-	3,400
Capital expenditures	3,000	3,000	2,967	33
Total expenditures	<u>1,238,000</u>	<u>1,238,000</u>	<u>1,164,930</u>	<u>73,070</u>
<u>Excess (deficit) of revenues over expenditures</u>	24,000	24,000	3,320	(20,680)
<u>Other operating financing sources (uses):</u>				
Operating transfers in (out)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(17,156)</u>	<u>6,844</u>
Total other operating financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(17,156)</u>	<u>6,844</u>
<u>Excess (deficit) of revenues and other sources over expenditures and other uses for operations</u>	<u>-</u>	<u>-</u>	<u>(13,836)</u>	<u>(13,836)</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, 2019

<u>A S S E T S</u>	<u>Agency Fund</u>
Cash;-Note 11	
Clearing	1,370,006
Escrow	94,414
Louisiana asset management pool	<u>810</u>
Total assets	<u>1,465,230</u>
<u>LIABILITIES</u>	
Miscellaneous escrow-Note 6	35,322
Interest escrow	59,902
Due to other fund-Note 4	3,000
Due to other governments-Note 8	<u>1,367,006</u>
Total liabilities	<u>1,465,230</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, 2019

**1. Organization**

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

The Division was reorganized by Act No. 306 of 1979 (now Louisiana R.S.33:2738.54) as the Caddo-Shreveport Sales and Use Tax Commission, established under a Joint Agreement effective May 1, 1980, between the City of Shreveport, Louisiana and the School Board of the Parish of Caddo, State of Louisiana for the purpose of collecting sales and use taxes as authorized by the electorate. The Commission is empowered to collect, enforce and administer the respective sales and use taxes as they are levied by the City and the School Board. The Commission is governed by a Board of Commissioners. Commission members are the Chief Administrative Officer of the City, the Director of Finance of the City, the Assistant Superintendent of Business Affairs of the School Board, and the Director of Finance of the School Board. The Board of Commissioners appoints the Administrator who serves at its pleasure; however, the appointment must be confirmed by the City Council of the City of Shreveport and 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 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, 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, 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, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
Land	60,228	-	-	60,228
Building	544,658	-	-	544,658
Improvements	9,996	-	-	9,996
Equipment	<u>272,285</u>	<u>17,529</u>	<u>(4,895)</u>	<u>284,919</u>
Total cost	887,167	17,529	(4,895)	899,801
Accumulated depreciation	<u>(567,246)</u>	<u>(25,775)</u>	<u>4,895</u>	<u>(588,126)</u>
Property and equipment, net	<u><u>319,921</u></u>	<u><u>(8,246)</u></u>	<u><u>-</u></u>	<u><u>311,675</u></u>

**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. At June 30, 2019, these balances were as follows:

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

<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 \$528,000; its total current year payroll amounted to approximately \$528,000 for the year ended June 30, 2019.

**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 26.00% (24.00% until January 1, 2019) of its gross covered payroll to the plan. Three-year trend information follows:

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>
Required contribution	131,838	110,600	93,427
Actual contribution	131,838	110,600	93,427
As a percentage of covered payroll	26.00%	24.00%	20.00%

**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 2018 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 2018 and as of June 30, 2019, 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 \$171,000 for the year ended June 30, 2019.

**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, 2019, totaled approximately \$101,167.

**11. Cash**

As of June 30, 2019, the Commission had on deposit with financial institutions bank balances totaling \$1,659,218. 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 \$57,000 for the year ended June 30, 2019 for the seven 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 \$1,168,250 were less than the budgeted amount by \$93,750 or 7.4% because total expenditures and other operating financing uses of \$1,182,086 also were under-budget by \$79,914, 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, 2019 amounted to \$241,259,104 in sales taxes, and \$4,109,623 in occupancy taxes. Total distributions to each taxing authority for the fiscal year ended June 30, 2019 are shown in the following table:

Sales Taxes

Caddo Parish School Board	79,766,992
Law Enforcement District of Caddo	18,578,820
Sales Tax District No. 1	12,111,602
City of Shreveport	125,328,070
Town of Vivian	1,226,656
Town of Oil City	191,406
Town of Mooringsport	44,053
Town of Greenwood	604,794
Village of Rodessa	15,784
Town of Blanchard	276,850
Village of Ida	29,515
North Caddo Hospital District	1,212,814
Caddo Parish Fire District No. 1	1,847,434
	<u>241,234,790</u>

Occupancy Taxes

Shreveport-Bossier Convention and Tourist Bureau	2,059,366
City of Shreveport	514,842
City of Bossier City	514,842
Ark-La-Tex Regional Air Service Alliance	343,130
Shreveport-Bossier Sports Commission	343,130
Independence Bowl Foundation	343,130
	<u>4,118,440</u>

Total distributed 245,353,230

**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, 2019

Agency Head: Gail B. Howell, Administrator

Salary	81,864
Benefits-insurance-health and life	11,596
Benefits-retirement	20,466
Travel	453
Registration fees	1,563
Conference travel	985

**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

October 4, 2019

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, 2019, 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 4, 2019.

## **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) to determine 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.

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

## **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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, 2019

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, 2019, and have issued our report thereon dated October 4, 2019. 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, 2019 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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2019

There were no findings as a result of the June 30, 2018 audit.

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR CURRENT YEAR FINDINGS

YEAR ENDED JUNE 30, 2019

There were no findings as a result of the June 30, 2019 audit.

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

October 4, 2019

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

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Caddo-Shreveport Sales and Use Tax Commission (CSSUTC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. CSSUTC's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*The entity has written policies and procedures that adequately address the budget function.*

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*The entity has written policies and procedures that adequately address purchasing.*

**HMV**

A PROFESSIONAL SERVICES FIRM  
SHREVEPORT • MONROE • DELHI

hmv@hmvcpa.com E-MAIL  
www.hmvcpa.com WEB ADDRESS

- c) **Disbursements**, including processing, reviewing, and approving.

*The entity has written policies and procedures that adequately address the disbursements function.*

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The entity has written policies and procedures that adequately address receipts and collections.*

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*The entity has written policies and procedures that adequately address the payroll function.*

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The entity has written policies and procedures that adequately address contracting.*

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

*Not applicable, as the entity does not use credit, debit, fuel, or purchase cards.*

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity has written policies and procedures that adequately address travel and expense reimbursements.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

*The entity has written policies and procedures that adequately address ethics.*

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable, as the entity does not have the authority to issue debt.*

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

*A written contract between the entity and an IT service provider addresses these requirements, is currently in effect, and renews annually.*

### ***Board or Finance Committee***

---

*Not applicable because of no exceptions in previous year.*

### ***Bank Reconciliations***

---

*Not applicable because of no exceptions in previous year.*

### ***Collections***

---

*Not applicable because of no exceptions in previous year.*

### ***Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)***

---

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*A listing of locations that process payments for the fiscal year was obtained from management. Only one location processes payments for the entity.*

3. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*Job duties appear properly segregated.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Job duties appear properly segregated.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*Job duties appear properly segregated.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Job duties appear properly segregated.*

- 4. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions were noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions were noted.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

*Not applicable because management represented to us that the entity has not issued any credit cards, debit cards, fuel cards or purchase cards to any board member or staff.*

#### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

---

*Not applicable because of no exceptions in previous year.*

#### ***Contracts***

---

*Not applicable because of no exceptions in previous year.*

#### ***Payroll and Personnel***

---

*Not applicable because of no exceptions in previous year.*

***Ethics***

---

*Not applicable because of no exceptions in previous year.*

***Debt Service***

---

*Not applicable because the entity has no debt.*

***Other***

---

*Not applicable because of no exceptions in previous year.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana