

**CADDO-SHREVEPORT SALES AND
USE TAX COMMISSION
SHREVEPORT, LOUISIANA
JUNE 30, 2022**

CADDO-SHREVEPORT SALES AND USE TAX COMMISSION

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



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Independent Auditor's Report

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

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

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, 2022, 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 modified cash basis of accounting.

Basis for Opinion

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Caddo-Shreveport Sales and Use Tax Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2 and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Caddo-Shreveport Sales and Use Tax Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Caddo-Shreveport Sales and Use Tax Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Caddo-Shreveport Sales and Use Tax Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis information on Pages 4 through 7 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 supplementary information included on page 25 is presented for purposes of additional analysis and is not a required part of the 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022, on our consideration of the Caddo-Shreveport Sales and Use Tax 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 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 Caddo-Shreveport Sales and Use Tax Commission's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
October 24, 2022

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, 2022 and 2021. Please read it in conjunction with the Commission's financial statements, which begin on Page 8.

FINANCIAL HIGHLIGHTS

The Commission's net position decreased by \$16,704 or 2.4%.

The Commission's total revenues were \$1,187,480 in 2022 compared to \$1,250,522 in 2021.

During the year ended June 30, 2022, the Commission had total expenses, including depreciation, of \$1,204,184 compared to \$1,165,507 in 2021.

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 8 and 9) provide information about the activities of the Commission as a whole. Fund financial statements start on Page 10. 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 8. 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 10. 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 \$691,222 to \$674,518. Our analysis below focuses on key elements of the total funds for the 2022 and 2021 fiscal years.

Table 1
Net Position

	<u>Government-Wide Activities</u>	
	<u>2022</u>	<u>2021</u>
Current assets	276,062	267,384
Capital assets	<u>400,285</u>	<u>425,554</u>
Total assets	676,347	692,938
Current liabilities	<u>1,829</u>	<u>1,715</u>
Total liabilities	1,829	1,715
Net position:		
Investments in capital assets	400,285	425,554
Restricted for capital projects	65,484	56,916
Unrestricted	<u>208,749</u>	<u>208,752</u>
Total net position	<u><u>674,518</u></u>	<u><u>691,222</u></u>

Net position of the funds maintained by the Commission decreased by \$16,704 or 2.4%.

**Table 2
Changes in Net Position**

	<u>Government-Wide Activities</u>	
	<u>2022</u>	<u>2021</u>
Revenues		
Charges for services	556,980	498,522
Intergovernmental	<u>630,500</u>	<u>752,000</u>
Total revenues	1,187,480	1,250,522
Expenses		
General governmental	<u>1,204,184</u>	<u>1,165,057</u>
Increase in net position	<u>(16,704)</u>	<u>85,465</u>

For the funds maintained by the Commission, total revenues decreased \$63,042 during 2022. This reflected an overall increase in charges for services of \$58,458, which allowed a decrease in intergovernmental transfers from the City of Shreveport and Caddo Parish School Board of 121,500.

In addition, total expenses increased by \$39,127 during 2022, mainly resulting from higher data processing and maintenance costs.

TAX COLLECTIONS AND DISTRIBUTIONS

Sales and occupancy tax collections for the years ended June 30, 2022 and 2021 amounted to \$307,453,442 and \$270,715,950, respectively. Distributions of these taxes to appropriate governmental jurisdictions within Caddo Parish during the same period of time amounted to \$311,784,378 and \$270,601,352, 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 2022, the Commission had invested \$400,285 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>2022</u>	<u>2021</u>
Equipment	422,011	417,029
Land	60,228	60,228
Building and improvements	<u>554,654</u>	<u>554,654</u>
	1,036,893	1,031,911
<u>Less-accumulated depreciation</u>	<u>(636,608)</u>	<u>(606,357)</u>
	<u>400,285</u>	<u>425,554</u>

Major additions included:

Computer equipment; heat pump	<u>12,879</u>	<u>7,011</u>
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It is anticipated that the Commission's net position will generally hold steady in 2023. The Commission has added no major new programs or initiatives to be funded in 2022.

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, 2022

	<u>Primary Government Governmental Activities</u>
<u>ASSETS</u>	
<u>Cash:</u>	
Operating	202,925
Capital reserve	65,484
Payroll	4,653
Due from other funds	3,000
Property and equipment, net of depreciation	<u>400,285</u>
Total assets	676,347
<u>LIABILITIES</u>	
Miscellaneous payables	<u>1,829</u>
<u>NET POSITION</u>	
Net investment in property and equipment	400,285
Restricted for capital projects	65,484
Unrestricted	<u>208,749</u>
Total net position	<u><u>674,518</u></u>

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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF ACTIVITIES

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2022

<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>1,204,184</u>	<u>556,980</u>	(647,204)
General revenues: Intergovernmental operating			<u>630,500</u>
Change in net position			(16,704)
Net position-July 1, 2021			<u>691,222</u>
Net position-June 30, 2022			<u>674,518</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, 2022

<u>ASSETS</u>	<u>Governmental Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Cash:-Note 11</u>			
Operating	202,925	-	202,925
Capital Reserve	-	65,484	65,484
Payroll	4,653	-	4,653
Due from other fund - Note 4	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total assets	<u><u>210,578</u></u>	<u><u>65,484</u></u>	<u><u>276,062</u></u>
 <u>LIABILITIES AND FUND EQUITY</u>			
<u>Liabilities:</u>			
Miscellaneous payables	<u>1,829</u>	<u>-</u>	<u>1,829</u>
Total liabilities	<u>1,829</u>	<u>-</u>	<u>1,829</u>
 <u>Fund equity:</u>			
Fund balance-assigned	-	65,484	65,484
Fund balance-unassigned	<u>208,749</u>	<u>-</u>	<u>208,749</u>
Total fund equity	<u>208,749</u>	<u>65,484</u>	<u>274,233</u>
Total liabilities and fund equity	<u><u>210,578</u></u>	<u><u>65,484</u></u>	<u><u>276,062</u></u>

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

Total fund equity of governmental funds 274,233

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. 400,285

Total net position of governmental activities 674,518

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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2022

	<u>Governmental Funds</u>		
	<u>General</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Revenues:</u>			
Intergovernmental operating	630,500	-	630,500
Charges for services	512,036	-	512,036
Charges for litigation	39,451	-	39,451
Miscellaneous	5,493	-	5,493
Total revenues	<u>1,187,480</u>	-	<u>1,187,480</u>
<u>Expenditures:</u>			
Personnel Services-Note 9	837,417	-	837,417
Operating services	81,821	-	81,821
Professional services	223,110	-	223,110
Insurance	10,829	-	10,829
Supplies	10,148	-	10,148
Travel	11,220	-	11,220
Capital expenditures-Note 3	-	4,370	4,370
Total expenditures	<u>1,174,545</u>	<u>4,370</u>	<u>1,178,915</u>
<u>Excess (deficit) of revenues over expenditures</u>	12,935	(4,370)	8,565
<u>Other operating financing sources (uses):</u>			
Operating transfers in (out)	(12,938)	12,938	-
Total other operating financing sources (uses)	<u>(12,938)</u>	<u>12,938</u>	<u>-</u>
<u>Excess (deficit) of revenues and other sources over expenditures and other uses for operations</u>	(3)	8,568	8,565
<u>Fund balance - July 1, 2021</u>	<u>208,752</u>	<u>56,916</u>	<u>265,668</u>
<u>Fund balance - June 30, 2022</u>	<u>208,749</u>	<u>65,484</u>	<u>274,233</u>

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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-

GOVERNMENTAL FUNDS

(MODIFIED CASH BASIS)

YEAR ENDED JUNE 30, 2022

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	8,565
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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 (\$12,879) exceed the net book value of dispositions (\$0)	12,879
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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>(38,148)</u>
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Change in net position of governmental activities	<u><u>(16,704)</u></u>
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The accompanying notes are an integral part of these financial statements.

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

BUDGETARY COMPARISON STATEMENT-GENERAL FUND

(MODIFIED CASH BASIS)

BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2022

	<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	900,000	900,000	630,500	(269,500)
Charges for services	430,000	430,000	512,036	82,036
Charges for litigation	-	-	39,451	39,451
Miscellaneous	-	-	5,493	5,493
Total revenues	<u>1,330,000</u>	<u>1,330,000</u>	<u>1,187,480</u>	<u>(142,520)</u>
<u>Expenditures:</u>				
Personnel Services	915,500	915,500	837,417	78,083
Operating services	78,600	91,470	81,821	9,649
Professional services	255,000	256,900	223,110	33,790
Insurance	11,400	11,800	10,829	971
Supplies	11,500	11,500	10,148	1,352
Travel	10,000	11,250	11,220	30
Operating reserve	20,000	3,580	-	3,580
Capital expenditures	4,000	4,000	-	4,000
Total expenditures	<u>1,306,000</u>	<u>1,306,000</u>	<u>1,174,545</u>	<u>131,455</u>
<u>Excess of revenues over expenditures</u>	<u>24,000</u>	<u>24,000</u>	<u>12,935</u>	<u>(11,065)</u>
<u>Other operating financing sources (uses):</u>				
Operating transfers in (out)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(12,938)</u>	<u>11,062</u>
Total other operating financing sources (uses)	<u>(24,000)</u>	<u>(24,000)</u>	<u>(12,938)</u>	<u>11,062</u>
<u>Excess of revenues and other sources over expenditures and other uses for operations</u>	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>

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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

STATEMENT OF FIDUCIARY NET POSITION-AGENCY FUND

(MODIFIED CASH BASIS)

JUNE 30, 2022

<u>ASSETS</u>	<u>Agency Fund</u>
<u>Cash:-Note 11</u>	
Clearing	156,341
Escrow	348,982
Louisiana asset management pool	<u>835</u>
 Total assets	 <u><u>506,158</u></u>
<u>LIABILITIES</u>	
Sales tax paid under protest-Note 5	258,635
Miscellaneous escrow-Note 6	38,056
Interest escrow	53,126
Due to other fund-Note 4	3,000
Due to other governments-Note 8	<u>153,341</u>
 Total liabilities	 <u><u>506,158</u></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, 2022

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, Hosston, 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, Hosston, 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:

Length of Service

Less than five years
From five to ten years
From ten to twenty years
Over twenty years

Annual Leave Earned

Ten days per year
Twelve days per year
Fifteen days per year
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, 2022:

	Balance			Balance
	July 1, 2021	Increases	Decreases	June 30, 2022
Land	60,228	-	-	60,228
Building	544,658	-	-	544,658
Improvements	9,996	-	-	9,996
Equipment	417,029	12,879	(7,897)	422,011
Total cost	1,031,911	12,879	(7,897)	1,036,893
Accumulated depreciation	(606,357)	(38,148)	7,897	(636,608)
Property and equipment, net	425,554	(25,269)	-	400,285

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, 2022, 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	<u>-</u>	<u>3,000</u>
	<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.

9. Retirement Plan (Continued)

In such cases, the employee may allow accumulated contributions to remain on deposit and service retirement allowance to begin when retirement eligibility is attained.

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

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

The Commission's current year covered payroll amounted to approximately \$509,000; its total current year payroll amounted to approximately \$527,000 for the year ended June 30, 2022.

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>2022</u>	<u>June 30,</u> <u>2021</u>	<u>June 30,</u> <u>2020</u>
Required contribution	152,577	129,973	123,153
Actual contribution	152,577	129,973	123,153
As a percentage of covered payroll	30.00%	30.00%	28.00%

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 2021 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 2021 and as of June 30, 2022, 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 \$150,000 for the year ended June 30, 2022.

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, 2022, totaled approximately \$33,595.

11. Cash

As of June 30, 2022, the Commission had on deposit with financial institutions bank balances totaling \$923,235. 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 \$67,000 for the year ended June 30, 2022 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 \$1,187,480 were less than the budgeted amount by \$142,520 or 10.72% because total expenditures and other operating financing uses of \$1,187,483 also were under-budget by \$142,517, 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, 2022 amounted to \$302,206,270 in sales taxes, and \$5,247,172 in occupancy taxes. Excluded from this amount was approximately \$31,522 in potential over payments of sales taxes. Total distributions to each taxing authority for the fiscal year ended June 30, 2022 are shown in the following table:

<u>Sales Taxes</u>	
Caddo Parish School Board	101,190,543
Law Enforcement District of Caddo	23,579,571
Sales Tax District No. 1	16,893,275
City of Shreveport	155,615,025
Town of Vivian	1,464,224
Town of Oil City	275,067
Town of Mooringsport	73,462
Town of Greenwood	928,020
Village of Rodessa	18,294
Town of Blanchard	519,087
Village of Ida	139,279
North Caddo Hospital District	1,574,360
Caddo Parish Fire District No. 1	2,464,041
Caddo Parish Fire District No. 3	1,805,192
Village of Hosston	1,090
	<hr/>
	306,540,530
<u>Occupancy Taxes</u>	
Shreveport-Bossier Convention and Tourist Bureau	2,621,015
City of Shreveport	655,687
City of Bossier City	655,687
Shreveport-Bossier Sports Commission	437,153
Arklatex Regional Air Service Alliance	437,153
Independence Bowl Foundation	437,153
	<hr/>
	5,243,848
	<hr/>
Total distributed	<u>311,784,378</u>

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 24, 2022, 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, 2022

Agency Head: Gail B. Howell, Administrator (July 1, 2021 to August 31, 2021)

Salary	17,992
Benefits-insurance-health and life	2,833
Travel	290

Agency Head: Phillip R. Jackson, Administrator (September 1, 2021 to June 30, 2022)

Salary	67,180
Benefits-insurance-health and life	8,494
Benefits-retirement	20,154
Travel	1,934
Registration fees	1,015
Conference travel	1,525

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
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October 24, 2022

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, 2022, 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 24, 2022.

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.

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, 2022

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, 2022, and have issued our report thereon dated October 24, 2022. 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, 2022 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, 2022

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

CADD0-SHREVEPORT SALES AND USE TAX COMMISSION

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR CURRENT YEAR FINDINGS

YEAR ENDED JUNE 30, 2022

There were no findings as a result of the June 30, 2022 audit.



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October 24, 2022

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 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Caddo-Shreveport Sales and Use Tax Commission's (CSSUTC's) management is responsible for those C/C areas identified in the SAUPs.

CSSUTC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021, through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 in general that adequately address the purchasing function. Although the entity does not have a formal requisition and purchase order system due to its small size, all purchases are approved by the District's Executive Director.

Exception: However, the policy does not address how vendors are added to the vendor list.

Management's Response: Management will add a policy provision that describes how vendors are added to the vendor list.

- 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 the receipts and collections function.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The entity has written policies and procedures in general that adequately address the payroll and personnel function.

Exception: However, the policy does not address the process for rate of pay or approval of pay rate schedules.

Management Response: Management will add a policy provision to its operations manual that addresses the process for rate of pay or approval of pay rate schedules.

- 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 the contracting function.

- 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; the entity does not issue credit and similar cards to its employees.

- 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 the travel and expense reimbursement function.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Exception: The Commission's Ethics policy does not address actions to be taken if ethics violations occur, nor does it address a system to monitor possible ethics violations.

Management's Response: Management will review its Ethics policy and include provisions that describe actions to monitor possible violations, as well as actions to be taken for policy violations.

- 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; the Commission may not issue debt.

- k) **Information Technology 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.

The entity has policies and procedures that adequately address information technology disaster recovery/business continuity requirements.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The entity generally has policies and procedures that adequately address sexual harassment requirements.

Exception: However, the policy does not address the requirement of annual reporting.

Management's Response: Management will update its policy to address the requirements of annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Under the Commission's bylaws, the Board may determine the frequency of its own meetings. It has selected a quarterly calendar and met on that frequency.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

Each meeting's minutes referred to budget-to-actual financial statement comparisons of its sole fund.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The entity's sole fund did not reflect a negative unassigned fund balance in the prior year audit report.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No reconciling items outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The entity has one physical office location where deposits are prepared and reconciled.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

In lieu of pre-numbering receipts, all receipts are recorded onto a daily receipt listing that is reconciled to the validated deposit slip in order to ensure the completeness of deposits.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Per the entity's cash receipts procedure, deposits are made semi-weekly. No exceptions to procedure noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

8. 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).
Per listing provided by management, payments are processed through one location - the Main Office.
9. 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.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
10. 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 itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
No exceptions 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 noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Not applicable.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not applicable.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- c) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The contracts selected for testing were not subject to bid as the contracts in question were acquired by state or purchase contract, related to ongoing service agreements, or for specific property acquisition.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions to procedure noted.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).

No contracts were amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions to procedure noted.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained listing from Management and agreed selected employees' salaries and pay rates without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Records covering accrued and used leave appear reasonable.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management's representation obtained covering these statements.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
No exceptions noted.
 - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.
Not applicable- no changes were made to the entity’s ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
The entity does not have the authority to issue debt.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
Not applicable.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
Not applicable – no misappropriations of public funds identified during the fiscal period.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c. Obtain a listing of the entity’s computers currently in use, and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

No exceptions noted.

28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a. Number and percentage of public servants in the agency who have completed the training requirements;

No exceptions noted.

- b. Number of sexual harassment complaints received by the agency;

No exceptions noted.

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- e. Amount of time it took to resolve each complaint.

No exceptions noted.

We were engaged by CSSUTC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of CSSUTC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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