

October 28, 2021

The Honorable Adrian Perkins, Mayor  
Members of the City Council  
City of Shreveport  
Shreveport, Louisiana

Dear Mayor Perkins and Members of the City Council:

We are pleased to confirm our understanding of the services we are to provide the City of Shreveport (the "City") for the year ended December 31, 2021.

**Audit Scope and Objectives**

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements, of the City as of and for the year ended December 31, 2021. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the City's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the City's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Budgetary Comparison Schedules
- 3) Schedule of Changes in Total OPEB Liability and Related Ratios and Notes
- 4) Schedule of Changes in Net Pension Liability
- 5) Schedule of Investment Returns
- 6) Schedule of Pension Contributions
- 7) Notes to Required Supplementary Pension Information
- 8) Schedule of Employer's Proportionate Share of Net Pension Liability – State
- 9) Schedule of Employer Contributions - State

We have also been engaged to report on supplementary information other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor's report on the financial statements:

- 1) Nonmajor Fund Budgetary Comparison Schedules
- 2) Combining Individual Statements of Nonmajor Governmental / Special Revenue Funds

- 3) Combining Statement of Nonmajor Enterprise Funds
- 4) Combining Statements of Internal Service Funds
- 5) Combining Statements of Component Units
- 6) Schedule of Compensation, Benefits, and Other Payments to Agency head or Chief Executive Officer
- 7) Justice System Funding Schedule – Receiving Entity as Required by Act 87 of the 2020 Regular Legislative Session
- 8) Schedule of Expenditures of Federal Awards

The following other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

- 1) Introductory Section
- 2) Statistical Section

It is our understanding that our audit will encompass the following component units and funds:

- City of Shreveport (primary government)
- **Governmental Fund Types**
- General Fund
- Special Revenue Funds:
  - Enrichment Fund
  - Community Development Fund
  - Riverfront Development
  - Police Grants
  - Downtown Entertainment Economic Development
  - Redevelopment
  - Environmental Grants
  - Streets Fund
  - Diversion Program
- Debt Service Fund
- Capital Projects Funds:
  - 2003A General Obligation Bond
  - 2011 General Obligation Bonds
  - 2014 General Obligation Bonds
  - Miscellaneous Capital Projects
  - Miscellaneous General Obligation Bonds
- **Proprietary Fund types**
- Enterprise Funds:
  - Municipal and Regional Airports
  - Water and Sewerage
  - Shreveport Area Transit System
  - Golf
  - Downtown Parking
  - Convention Center
  - Convention Center Hotel
  - Solid Waste

- Internal Service Funds:
  - Employees' Health Care Fund
  - Retained Risk
- **Fiduciary Fund Types**
- Fiduciary Funds - Pensions:
  - Employees' Retirement System
  - Firemen's Pension and Relief
  - Policemen's Pension and Relief
- **Component Units**
  - Metropolitan Planning Commission
  - Shreveport Home Mortgage Authority
  - Shreve Memorial Library

### **Audit Objectives**

The objectives of our audit 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 issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. 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 GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objective also includes reporting on—

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of 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, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Mayor and the City Council of the City. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

Our engagement will also be performed in accordance with the *Louisiana Governmental Audit Guide*, authorized by Louisiana Revised Statute 24:513 A. (5)(a)(i), which is published jointly by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the City and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. 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, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Risk of material misstatement due to revenue recognition
- Risk of material misstatement due to management override of controls

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

We will notify the Legislative Auditor, immediately and in writing, of:

- Any fraud, abuse or illegal acts that are detected during our engagement
- Any client imposed scope restrictions, to include failure to provide the appropriate books and records in a timely manner; or denial of access to appropriate books and records
- Any significant disagreements with the local auditee
- Any change in the scope of the engagement (for example, a change from an audit engagement to a review/attestation engagement), to include all reasons for such change
- Any decision to withdraw from or cancel the engagement, to include all substantive reasons for the withdrawal or cancellation
- Our decision to disclaim the auditors' opinion, or to render an adverse opinion on the financial statements for any reason other than omitted component units.

At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We may assist in preparing the financial statements, the preparation of GASB related computations and adjustments for pensions, OPEBS and other related items, the schedule of expenditures of federal awards and data collection form, and related notes of the City in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the City complies with applicable laws, regulations, contracts, agreements and grants.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on March 31, 2022.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to [include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon]. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

CRI, by issuing the Comprehensive Annual Financial Report opinion, gives the City permission to reproduce the audit opinion letter as a part of the basic financial statements on the internet and public offerings.

You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account, including those firms engaged under the City's Faire Share Program. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the City and the Louisiana Legislative Auditor; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Either we or the local auditee will submit a copy of the report, any management letter, and management's corrective action plan (if applicable) to the following persons and agencies, as applicable:

- Each member of the local auditee's governing board
- Each Louisiana State agency providing financial assistance to the local auditee
- The Federal Audit Clearinghouse, as required by 2 CFR Section 200.512

It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse.

Our audit will include a review of any prior-year suggestions and recommendations and will indicate the extent to which the summary schedule of prior year audit findings is fairly stated. As to any current-year recommendations and suggestions, we will afford you the opportunity to respond to such matters and will include your response(s) in management's corrective action plan.

The audit documentation for this engagement is the property of Carr, Riggs & Ingram, LLC. It is understood that our audit documentation is confidential information. However, we will make our audit documentation available to the Legislative Auditor, any successor auditor, or any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews. We will follow the Louisiana Legislative Auditor's policy regarding confidentiality of

audit documentation found in the *Louisiana Governmental Audit Guide* when giving access to audit documentation to any parties other than those previously named individuals and organizations. Should we become aware of any illegal acts, we will make our engagement documentation available to the local district attorney and/or any other state or federal enforcement or regulatory agency without liability. Subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Carr, Riggs & Ingram, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the [Name of Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity]. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Subsequent to the issuance of the report, should it be necessary to revise and reissue the report, we will notify the Legislative Auditor immediately. We will distribute such revised and reissued report in the same manner and to the same individuals and organizations as the original report.

The local auditee will prepare and sign the local government compliance questionnaire (from the Louisiana Legislative Auditor's website); adopt it in an open meeting of the local auditee's board, and return it to us by March 15, 2021. We will test the local auditee's compliance with the applicable laws during the performance of our audit, and will report on any matters of noncompliance that are material to the financial statements.

The schedule of compensation, reimbursements, benefits, and other payments to the local auditee's agency head, political subdivision head, or chief executive officer required by Louisiana Revised Statute 24:513 A. (3) will be included in the report as supplementary information other than required supplementary information; or in the notes to the financial statements. If included as supplementary information, we will provide an opinion on the schedule in relation to the financial statements as a whole.

The schedule of per diem paid to the local auditee's board members required by House Concurrent Resolution No. 54 of the 1979 Legislative Session will be included in the report, if applicable.

We expect to begin our audit in preliminary planning in December 2021, with testing, fieldwork and related wrap-up beginning the first week of April 2022 and ending on April 30, 2022, expect to receive the draft Comprehensive Annual Financial Report from the City Finance Department no later than May 15, 2022 in order to issue our reports no later than June 30, 2022. Tom Simms is the engagement partner, and Josh Trahan is the on-site audit partner, and are responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. It is our understanding that you have assigned Ms. Leanis Steward and the City's Controller as your representatives during the engagement.

Our fees for all services are related to our standard hourly rates in effect at the time services are performed. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. Our fee for this engagement, which we estimate, will not exceed \$254,930 (see Appendix I) including out-of-pocket expenses. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. The fee estimate is based on the assumption that you will provide assistance, anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Any amendments to the not-to-exceed amount of the fees will be in writing and signed by both our firm and the City.

### **Additional Work**

The total all-inclusive maximum price shall not be exceeded without the prior written approval by the Internal Auditor of the work and the maximum amount of the increase. No additional work will be approved unless it was work that could not have been anticipated prior to the submission of the proposal. The request for approval of additional work shall be made in writing to the Internal Auditor before such work is done, and shall be accompanied by documentation explaining the necessity to exceed the original pricing in the engagement letter, and the maximum amount of the increase requested. Our estimate for additional work related to the preparation of the comprehensive annual financial report, which we estimate, is to be between \$20,000 and \$30,000 and is dependent on the work completed by City personnel.

If a multi-year engagement is entered into, all outstanding invoices for work performed during any prior engagement will be paid in full before work commences on the current engagement.

### **Dispute Resolution**

In the event of a dispute between the parties which arises out of or relates to this contract or engagement letter, the breach thereof or the services provided or to be provided hereunder, and, if the dispute cannot be settled through negotiation, the parties agree that before initiating arbitration, litigation or some other dispute resolution procedure, they will first try in good faith to resolve the dispute through non-binding mediation. The mediation will be administered by the American Arbitration Association under its *Dispute Resolution Rules for Professional Accounting and Related Services Disputes*. The costs of any mediation proceedings shall be shared equally by all parties.

### **Electronic Data Communication and Storage and Use of Third Party Service Provider**

In the interest of facilitating our services to you, we may send data over the Internet, securely store electronic data via computer software applications hosted remotely on the Internet, or allow access to data through third-party vendors' secured portals or clouds. Electronic data that is confidential to you may be transmitted or stored using these methods. We may use third-party service providers to store or transmit this data, such as, but not limited to, providers of tax return preparation software. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such communications and data access secure in accordance with our obligations under applicable laws and professional standards. We also require our third-party vendors to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or data once it has been sent or has been subject to unauthorized access, notwithstanding all reasonable security measures employed by us or our third-party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third-party service providers during this engagement.

To enhance our services to you, we will use a combination of remote access, secure file transfer, virtual private network or other collaborative, virtual workspace or other online tools or environments. Access through any combination of these tools allows for on-demand and/or real-time collaboration across geographic boundaries and time zones and allows CRI and you to share data, engagement information, knowledge, and deliverables in a protected environment. In order to use certain of these tools and in addition to execution of this acknowledgement and engagement letter, you may be required to execute a separate client acknowledgement or agreement and agree to be bound by the terms, conditions and limitations of such agreement. You agree that CRI has no responsibility for the activities of its third-party vendors supplying these tools and agree to indemnify and hold CRI harmless with respect to any and all claims arising from or related to the operation of these tools. While we may back up your files to facilitate our services, you are solely responsible for the backup of your files and records; therefore, we recommend that you also maintain your own backup files of these records.

### **Reporting**

We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the Mayor and the City Council of the City of Shreveport. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

### **Approval**

We appreciate the opportunity to be of service to the City of Shreveport and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Carr, Riggs & Ingram, LLC

RESPONSE:

This letter correctly sets forth the understanding of City of Shreveport.

Management signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Governance signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

AGREEMENT FOR EXTERNAL AUDIT SERVICES

This agreement is entered into between Carr, Riggs, & Ingram LLC, herein represented by Tom Simms, Partner, duly authorized, hereinafter referred to as CRI, and City of Shreveport, herein represented by Adrian Perkins, Mayor and hereinafter referred to as City.

CRI and City hereby agree as follows:

1. a. CRI shall serve as certified public accountants for the purpose of auditing and reporting on the financial statements of the various funds of the City of Shreveport for the year ended December 31, 2021.  
b. The services shall be provided in accordance with the Request for Proposals No. 19-829, "RFP", CRI's Proposal dated November 5, 2019, and the Engagement Letter. In the event of any conflict between those documents, they shall take precedence in the order stated above.
2. For the services provided herein, City shall pay a total fee of \$254,930, including out of pocket expenses, allocated as provided in the Engagement Letter.
3. The term of this Agreement shall be for a period of one year for the fiscal year ended December 31, 2021, with commencement of work and scheduling as provided in the contract documents referenced above. This shall be renewable for successive one year terms at the City Council's option in accordance with the RFP and Proposal.
4. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Louisiana. The exclusive venue for all disputes hereunder shall be in the First Judicial District Court in Caddo Parish, Louisiana.

Thus done and signed on the dates written herein below.

Carr, Riggs & Ingram LLC

City of Shreveport

By:  —  
Partner

By: \_\_\_\_\_  
Adrian Perkins  
Mayor

Date: 10/5/2021

Date: \_\_\_\_\_

## Appendix I

### Fees for Services

Based upon our discussions with and representations of the City of Shreveport, our fees for the audit of the financial statements of the City for the year ended December 31, 2021, will be \$254,930. Our fees will be allocated to the various funds as follows:

• General Fund, including the General Fund, Enrichment Fund, Metropolitan Planning Commission, Riverfront Development, Police Grants, Downtown Entertainment Economic Development Fund, Redevelopment Fund, Environmental Grants, Fund, Debt Service Fund, Capital Projects Funds (Miscellaneous General Obligation Bonds, 2003A and 2011 GOB Funds, Miscellaneous Capital Projects), Employers Health Care Fund, Retained Risk Fund, Convention Center and Hotel, and Streets Fund.	\$97,675
• Community Development	36,931
• Work Force/Housing/Community Service	15,625
• Municipal and Regional Airports	26,988
• Shreveport Area Transit System (billed separately)	12,000
• Department of Water and Sewerage	34,091
• Shreveport Home Mortgage Authority (billed separately)	11,620
• Golf	2,000
• Employees' Retirement System	7,500
• Firemen's Pension and Relief Fund	3,500
• Policemen's Pension and Relief Fund	3,500
• Solid Waste Fund	3,500
Total	<u>\$254,930</u>

The fees above anticipate auditing four major programs as part of the Single Audit. To the extent that the number of major programs deviates from three programs, the audit fee will be increased or decreased accordingly in the amount of \$6,225 for each major program added or deleted.

### Other Reports:

We will also issue a report on the Passenger Facility Charge Program as part of this engagement under a separate engagement letter.

We will issue bond covenant opinion letters on the following bond coverage issues concerning compliance with the bond resolutions and/or bond ordinances: Municipal and Regional Airports Revenue Bonds, Water and Sewerage Revenue Bonds, and Other Bond issues as required.