

WARD THREE MARSHAL –
CITY OF LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2019

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-5
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	6-10
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	13
Statement of activities	14
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	17
Reconciliation of the balance sheet-Governmental Funds to the statement of net position	18
Statement of revenues, expenditures, and changes in fund balances-governmental funds	19
Reconciliation of the statement of revenues, expenditures, and changes in fund balances-governmental funds to the statement of activities	20
Statement of fiduciary net position	21
Statement of changes in fiduciary net position	22
NOTES TO BASIC FINANCIAL STATEMENTS	23-30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule	32
OTHER INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	34
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	35-36
SCHEDULE OF FINDINGS AND RESPONSES	37

INDEPENDENT AUDITORS' REPORT

March 2, 2020

Honorable Vic Salvador
Ward Three Marshal - City of Lake Charles, Louisiana
Lake Charles, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Ward Three Marshal – City of Lake Charles
March 2, 2020
Page Two

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ward Three Marshal as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 6-11 and 33, respectively be presented to supplement the 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about 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 do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ward Three Marshal's basic financial statements. The schedule of compensation, benefits and other payments to agency head or chief executive officer on page 35 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing

Ward Three Marshal – City of Lake Charles

March 2, 2020

Page Three

and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head or chief executive officer is fairly stated, in all material respects, in relation to the basic 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 March 2, 2020, on our consideration of the Ward Three Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Ward Three Marshal's internal control over financial reporting and compliance.

Gregson, Casiday & Gilley

WARD THREE MARSHAL - CITY OF LAKE CHARLES

Management's Discussion and Analysis

Within this section of the Ward Three Marshal – City of Lake Charles, LA's (Marshal) annual financial report, the Marshal's management is pleased to provide this narrative discussion and analysis of the financial activities of the Marshal for the years ended December 31, 2019 and 2018. The Marshal's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Marshal's assets exceeded its liabilities by \$643,296 and \$742,741 (net position) at December 31, 2019 and 2018 respectively.
- Total 2019 revenues of \$1,173,879 were less than total 2019 expenditures of \$1,273,324, which resulted in a current year deficit of \$99,445. Total 2018 revenues of \$1,026,092 were less than total 2018 expenses of \$1,094,985, which resulted in a prior year deficit of \$68,893.
- Total net position is comprised of the following:
 1. Net investment in capital assets of \$89,849 and \$100,205 respectively include equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 2. Unrestricted net position of \$553,447 and \$642,536 at December 31, 2019 and 2018 respectively represents the portion available to maintain the Marshal's continuing obligations to creditors.
- At the end of the current year, unrestricted net position was 43% of total expenses and 47% of total revenues. At the end of the prior year, unrestricted net position was 59% of total expenses and 63% of total revenues.
- Overall, the Marshal continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Marshal's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Marshal also includes in this report additional information to supplement the basic financial statements.

WARD THREE MARSHAL – CITY OF LAKE CHARLES

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Marshal's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Marshal's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Marshal's assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Marshal as a whole is improving or deteriorating. Evaluation of the overall health of the Marshal would extend to information other than the financial information provided in this report, such as diversification of the revenue base.

The second government-wide statement is the *Statement of Activities*, which reports how the Marshal's net position changed during the current and previous fiscal year. All revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Marshal's distinct activities or functions on revenues provided.

Both government-wide financial statements distinguish governmental activities of the Marshal that are principally supported by other revenues and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Marshal uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Marshal's most significant funds rather than the Marshal as a whole.

The Marshal has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Marshal's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

WARD THREE MARSHAL – CITY OF LAKE CHARLES

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Marshal's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the Marshal's adopted budget. A schedule of compensation is also included as "other information." This schedule details the amounts paid during the year to the agency head.

FINANCIAL ANALYSIS OF THE MARSHAL AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Marshal as a whole.

The Marshal's net position is \$643,296 and \$742,741 at December 31, 2019 and 2018 respectively. The following table provides a summary of the Marshal's net position:

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$ 561,594	\$ 648,119
Capital assets, net	<u>89,849</u>	<u>100,205</u>
Total assets	<u>\$ 651,443</u>	<u>\$ 748,324</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>
Liabilities:		
Current liabilities	<u>\$ 8,147</u>	<u>\$ 5,583</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>
Net position:		
Net investment in capital assets	\$ 89,849	\$ 100,205
Unrestricted	<u>553,447</u>	<u>642,536</u>
Total net position	<u>\$ 643,296</u>	<u>\$ 742,741</u>

WARD THREE MARSHAL – CITY OF LAKE CHARLES

Management's Discussion and Analysis (Continued)

The Marshal continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 69 to 1 and 100 to 1 respectively. Net position decreased by \$99,445 for the current year and decreased by \$68,893 for the prior year. Note that approximately 14% of the net position is tied up in capital. The Marshal uses these capital assets to provide services to its recipients.

The following table provides a summary of the Marshal's changes in net position:

	<u>2019</u>	<u>2018</u>
Revenues	\$ 1,173,879	\$ 1,026,092
Expenses	<u>1,273,324</u>	<u>1,094,985</u>
Change in Net Position	(99,445)	(68,893)
Beginning Net Position	<u>742,741</u>	<u>811,634</u>
Ending Net Position	<u>\$ 643,296</u>	<u>\$ 742,741</u>

Governmental Revenues

The Marshal is heavily reliant on court fees to support its operations. Court fees provided 18% and 30% of the Marshal's total revenues for December 31, 2019 and 2018, respectively.

Governmental Functional Expenses

The total function of the Marshal's office is public safety activities as well as executing orders and serving subpoenas of the City Court. Of the total cost, depreciation on the equipment, vehicles and buildings was \$31,899 or 2.5% of total expenses for the current year and \$38,070 or 3.5% of total expenses for the preceding year, respectively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Marshal's net investment in capital assets as of December 31, 2019 and 2018, was \$89,849 and \$100,205 respectively. See Note B for additional information about changes in capital assets during the year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

WARD THREE MARSHAL – CITY OF LAKE CHARLES

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION-Continued

	<u>2019</u>	<u>2018</u>
Non-depreciable assets:		
Land	\$ -	\$ -
Depreciable assets:		
Automobiles	399,517	399,517
Furniture and fixtures	13,763	13,763
Equipment	227,149	205,605
Buildings and improvements	<u>42,268</u>	<u>42,268</u>
Total	682,697	661,153
Less accumulated depreciation	<u>592,848</u>	<u>560,948</u>
Book value-depreciable assets	<u>\$ 89,849</u>	<u>\$ 100,205</u>
Percentage depreciated	<u>86.8%</u>	<u>84.8%</u>
Book value-all assets	<u>\$ 89,849</u>	<u>\$ 100,205</u>

Long-term debt

At the end of both years, the Marshal had no debt.

BUDGETARY HIGHLIGHTS

The actual revenues were more than the final budget by \$169,879, or 14.5%, mainly due to court fees, intergovernmental revenues and House Bill 315 revenues. The actual expenditures were more than the budgeted expenditures by \$223,408, or 17.7%, mainly due to wages.

ECONOMIC CONDITIONS AFFECTING THE MARSHAL

Since the primary revenue stream for the Marshal is court fees, the Marshal's revenues are subject to changes in the court system.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Marshal's finances, comply with finance-related laws and regulations, and demonstrate the Marshal's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Marshal, Vic Salvador, P.O. Box 1785 Lake Charles, LA 70602.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF NET POSITION

December 31, 2019

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 560,497
Receivables - court fees	1,097
Receivables - other	-
Capital assets, net of accumulated depreciation	89,849
TOTAL ASSETS	<u><u>\$ 651,443</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ -</u></u>
LIABILITIES	
Accounts payable	\$ 4,908
Accrued liabilities	3,239
TOTAL LIABILITIES	<u><u>\$ 8,147</u></u>
 DEFERRED INFLOWS OF RESOURCES	 <u><u>\$ -</u></u>
NET POSITION	
Net investment in capital assets	\$ 89,849
Unrestricted	553,447
TOTAL NET POSITION	<u><u>\$ 643,296</u></u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Public safety	<u>\$ 1,273,324</u>	<u>\$ 1,173,879</u>	<u>\$ -</u>	<u>\$ (99,445)</u>
Changes in Net Position				\$ (99,445)
Net Position - Beginning				<u>742,741</u>
Net Position - Ending				<u>\$ 643,296</u>

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

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

	<u>General</u>
ASSETS	
Cash	\$ 560,497
Receivables - court fees	1,097
Receivables - other	<u>-</u>
TOTAL ASSETS	<u>561,594</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 561,594</u>
LIABILITIES	
Accounts payable	4,908
Accrued liabilities	<u>3,239</u>
TOTAL LIABILITIES	<u>8,147</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
FUND BALANCES	
Unassigned	<u>553,447</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	<u>\$ 561,594</u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

December 31, 2019

Total fund balance for governmental fund at December 31, 2019	\$ 553,447
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Capital assets, net of \$592,848 accumulated depreciation	<u>89,849</u>
Total net position of governmental activities at December 31, 2019	<u>\$ 643,296</u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2019

	<u>General</u>
REVENUES	
Court fees	\$ 207,938
Intergovernmental	484,998
Commission from fiduciary activities	93,318
Reserve	232,022
Citations	4,740
House Bill 315	150,754
Bank interest	109
Total revenues	<u>1,173,879</u>
EXPENDITURES	
General Government	
Advertising	90
Automobile	13,723
Bank charges	7
Contract labor	232,365
Dues and subscriptions	4,925
Legal and professional	7,056
Meals and travel	3,553
Miscellaneous	1,245
Office supplies	27,530
Payroll taxes	16,488
Repairs and maintenance	7,304
Retirement	14,868
Salaries - supplemental	77,800
Telephone	19,522
Training and education	2,610
Uniforms	50,755
Wages	705,225
House Bill 315	
Training	16,131
Uniforms	11,807
Per Diem	7,660
Lodging	6,452
Supplies and Maintenance	9,708
Intergovernmental	4,600
Capital Outlay	21,544
Total expenditures	<u>1,262,968</u>
NET CHANGES IN FUND BALANCE	(89,089)
FUND BALANCE - BEGINNING	<u>642,536</u>
FUND BALANCE - ENDING	<u>\$ 553,447</u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF
ACTIVITIES

Year Ended December 31, 2019

Total net changes in fund balance at December 31, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (89,089)
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	21,544	
Depreciation expense for the year ended December 31, 2019		<u>(31,900)</u>	<u>(10,356)</u>
Total changes in net position at December 31, 2019 per Statement of Activities			<u>\$ (99,445)</u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2019

ASSETS	
Cash	<u>\$ 8,577</u>
Total Assets	<u><u>\$ 8,577</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u><u>\$ -</u></u>
LIABILITIES	
Due to others	\$ 8,577
Due to other funds	<u>-</u>
Total Liabilities	<u><u>\$ 8,577</u></u>
DEFERRED INFLOWS OF RESOURCES	
	<u><u>\$ -</u></u>
NET POSITION	
Unrestricted	<u><u>\$ -</u></u>
Total Net Position	<u><u>\$ -</u></u>

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

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended December 31, 2019

REVENUES	
Garnishments	\$ 1,470,879
Cash appearance bonds	-
Fines and costs	-
Suits, sales, seizures, etc.	-
Interest income	7
Total revenues	<u>1,470,886</u>
EXPENSES	
Remittance of seizures, bond forfeitures, fines and cost:	
General Fund	-
Attorneys	675,587
Other	795,299
Refunds - cash bonds	-
Total expenses	<u>1,470,886</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Louisiana State Statute, the Marshal serves a six-year term as the chief executive officer of the City Court of Lake Charles, LA. The Marshal's responsibilities include executing the orders and mandates and serving subpoenas of the City Court as well as enforcing state and local laws and ordinances within the territorial boundaries of Ward Three of Calcasieu Parish, Louisiana. The Marshal also collects and disburses garnishments of wages, cash bonds, and installment payments of fines under orders of the City Court.

Much of the operations of the Marshal's Office are funded by the City of Lake Charles. The City pays the salaries of the regular deputy marshals, funds most of the operating expenditures, and provides the Marshal with office space. Such expenditures are included in the general fund, of the City of Lake Charles, LA and are not included in these component unit financial statements. These financial statements include expenditures funded from other sources such as court fees, intergovernmental revenues, and fees from fiduciary activities. Also included in these financials are certain agency funds that are maintained by the Marshal.

The financial statements of the Ward Three Marshal have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The more significant of the government's accounting policies are described below.

1. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Ward Three Marshal includes all funds, account groups, et cetera, that are within the oversight responsibility of the Ward Three Marshal.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Lake Charles, LA for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City of Lake Charles, LA to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits or to impose specific financial burden on the City of Lake Charles, LA.

Continued

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Organizations for which the City of Lake Charles, LA. does not appoint a voting majority but are fiscally dependent on the City of Lake Charles, LA.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Lake Charles, LA financial statements would be misleading if data of the Ward Three Marshal was not included and due to the nature and significance of the relationship, the Marshal was determined to be a component unit of the City of Lake Charles, LA., the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City of Lake Charles, LA., the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

2. BASIS OF PRESENTATION

The accompanying basic financial statements of the Ward Three Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Marshal as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Marshal's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Marshal, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Continued

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Financial Statements

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Marshal are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the Marshal or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Marshal reports the following major fund:

The General Fund is the primary operating fund of the Marshal. It accounts for all financial resources except those that are required to be accounted for in other funds.

3. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Continued

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

4. BUDGET PRACTICES

Formal budgeting integration is employed as a management control device during the year for the general fund. These budgets are adopted on a basis consistent with generally accepted accounting principles.

5. CASH

Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, time deposits and those other investments with original maturities of 90 days or less. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2019, the Marshal has \$615,353 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. The Marshal maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building and improvements	40 years
Automobiles	5-7 years
Equipment	5-7 years
Furniture and fixtures	5-7 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

7. EQUITY CLASSIFICATION

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position– Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as assigned and unassigned. Continued

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- a. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal actions.
- b. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Marshal considers the restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Marshal considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

8. REVENUES, EXPENDITURES, AND EXPENSES

Revenue. Court fees and intergovernmental revenue are received in the month following collection by the City Court. The Marshal recognizes court fee revenue and intergovernmental revenue during the month they are collected by the City Court. The Marshal recognizes fees from fiduciary activities in the period such fees are collected.

Expenditures. Salaries are recorded when paid. Purchases of capital assets and other goods and services are recorded when those goods or services have been delivered. Principal and interest on general long-term obligations are recognized when due.

9. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 2, 2020, the date the financial statements were available to be issued. In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Marshal's financial position and operations.

12. BUDGET

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end. On or before the end of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Expenditures may not legally exceed budgeted appropriations at the activity level.

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2019 follows:

	Balance at Beginning <u>of Period</u>	<u>Additions</u>	<u>Retirements</u>	Balance at End <u>of Period</u>
Automobiles	\$ 399,517	\$ -	\$ -	\$ 399,517
Furniture and fixtures	13,763	-	-	13,763
Equipment	205,605	21,544	-	227,149
Buildings and improvements	<u>42,268</u>	<u>-</u>	<u>-</u>	<u>42,268</u>
	661,153	-	-	682,697
Less accumulated depreciation:				
Automobile	351,700	22,722	-	374,422
Furniture and fixtures	11,785	1,966	-	13,751
Equipment	192,214	6,155	-	198,369
Buildings and improvements	<u>5,249</u>	<u>1,057</u>	<u>-</u>	<u>6,306</u>
	<u>560,948</u>	<u>31,900</u>	<u>-</u>	<u>592,848</u>
	<u>\$ 100,205</u>	<u>\$ (10,356)</u>	<u>\$ -</u>	<u>\$ 89,849</u>

Depreciation expense for the year was \$ 31,900.

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE C – CHANGES IN AGENCY FUND DUE TO OTHERS

A summary of changes in agency fund due to others for the year ended December 31, 2019, is a follows:

	Balance at Beginning of Period	Additions	Disbursements	Balance at End of Period
Garnishments funds	\$ 6,263	\$ 1,470,886	\$ (1,476,343)	\$ 806
Bonds fund	5,087	-	-	5,087
Seizures fund	2,141	87,272	(86,729)	2,684
Violations fund	-	-	-	-
	<u>\$ 13,491</u>	<u>\$ 1,558,158</u>	<u>\$ (1,563,072)</u>	<u>\$ 8,577</u>

NOTE D - COMMISSIONS

In accordance with state statute, the Marshal receives a commission of six percent of garnishments and other collections related to orders of the City Court as part of his compensation. The Marshal also receives six percent of the proceeds of sales of seized property as part of his compensation. During the year ended December 31, 2019, commissions paid to the Marshal from the related agency funds totaled \$93,318.

NOTE E - COMMITMENTS AND CONTINGENCIES

The Marshal is covered for substantially all business risks under the risk management programs of the City of Lake Charles, LA.

NOTE F - ON-BEHALF PAYMENTS

Included in intergovernmental revenue is \$484,998 of wages paid to Marshal employees by the City of Lake Charles. These wages are included as expenditures on the Marshal's statement of revenue, expenditures, and changes in fund balances.

REQUIRED SUPPLEMENTARY INFORMATION

WARD THREE MARSHAL - CITY OF LAKE CHARLES, LOUISIANA

BUDGETARY COMPARISON SCHEDULE-GENERAL FUND

Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Court fees	\$ 310,000	\$ 280,000	\$ 207,938	\$ (72,062)
Intergovernmental	400,000	400,000	484,998	84,998
Commission from fiduciary activities	110,000	92,000	93,318	1,318
Reserve	130,000	232,000	232,022	22
Citations	-	-	4,740	4,740
House Bill 315	-	-	150,754	150,754
Bank interest	-	-	109	109
Total revenues	<u>950,000</u>	<u>1,004,000</u>	<u>1,173,879</u>	<u>169,879</u>
EXPENDITURES				
General Government				
Advertising	-	-	90	(90)
Automobile	110,000	13,760	13,723	37
Bank charges	-	-	7	(7)
Contract labor	120,000	214,000	232,365	(18,365)
Dues and subscriptions	6,500	4,900	4,925	(25)
Law enforcement supplies	10,500	99,200	-	99,200
Legal and professional	3,500	7,200	7,056	144
Meals and travel	-	-	3,553	(3,553)
Miscellaneous	1,500	1,800	1,245	555
Office supplies	9,300	20,000	27,530	(7,530)
Payroll taxes	20,000	32,000	16,488	15,512
Rent	1,500	3,000	-	3,000
Retirement	-	-	14,868	(14,868)
Repairs and maintenance	2,500	500	7,304	(6,804)
Salaries - supplemental	35,000	77,000	77,800	(800)
Telephone	8,000	8,000	19,522	(11,522)
Training and education	3,500	4,100	2,610	1,490
Uniforms	8,000	8,000	50,755	(42,755)
Wages	695,000	540,000	705,225	(165,225)
House Bill 315				
Training	-	-	16,131	(16,131)
Uniforms	-	-	11,807	(11,807)
Per Diem	-	-	7,660	(7,660)
Lodging	-	-	6,452	(6,452)
Supplies and Maintenance	-	-	9,708	(9,708)
Intergovernmental	5,000	6,100	4,600	1,500
Capital Outlay	5,000	-	21,544	(21,544)
Total expenditures	<u>1,044,800</u>	<u>1,039,560</u>	<u>1,262,968</u>	<u>(223,408)</u>
NET CHANGES IN FUND BALANCE	(94,800)	(35,560)	(89,089)	(53,529)
FUND BALANCE - BEGINNING	<u>642,536</u>	<u>642,536</u>	<u>642,536</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 547,736</u>	<u>\$ 606,976</u>	<u>\$ 553,447</u>	<u>\$ (53,529)</u>

OTHER INFORMATION

WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Year Ended December 31, 2019

Agency Head Name: Victor Salvador

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 140,000
Benefits – Insurance	-
Benefits – Retirement	8,813
Car Allowance	-
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	-
Travel	-
Registration Fees	-
Conference Travel	-
Continuing Professional Education Fees	-
Unvouchered Expenses	-
Special Meals	-
	<u>\$ 148,813</u>

INDEPENDENT AUDITORS' 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*

March 2, 2020

Honorable Vic Salvador
Ward Three Marshal — City of Lake Charles, Louisiana
Lake Charles, LA

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Ward Three Marshal's basic financial statements, and have issued our report thereon dated March 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ward Three Marshal's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ward Three Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ward Three Marshal'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 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 and therefore, material weaknesses or

significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ward Three Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

The Ward Three Marshal's Responses to Findings

The Ward Three Marshal's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Ward Three Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



WARD THREE MARSHAL – CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2019

1. Summary of Auditors' Results:

Type of auditors' opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Control deficiency(s) identified that are not considered to be material weakness(es)?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2019-01: Budgetary Authority and Control

Condition: Inadequate budgeting procedures resulted in expenditures being over budget by 5% or more and an amended budget was not performed.

Criteria: Inadequate budgeting procedures.

Effect: Violation of Louisiana Revised Statute 39:1310.

Cause: Administrative lack of oversight.

Recommendation: The Marshal's office should review actual revenues and expenditures on an interim basis and amend the budget if necessary.

Corrective Action Planned/Management Response: The Marshal's office agrees with the finding and will implement the recommendations.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Audit Findings

Finding 2018-01: Budgetary Authority and Control

Corrective Action Taken: None, repeat finding in 2019.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

March 2, 2020

To the Honorable Vic Salvador, Ward 3 Marshal
Lake Charles, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the Ward 3 Marshal of Lake Charles, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year January 1, 2019 through December 31, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations)
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

This category had no exceptions in the prior period and was not tested in the current period.

- 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.

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

- d) *Receipt/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 confirmations with outside parties,

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

- 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.

This category had no exceptions in the prior period and was not tested in the current period.

- 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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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.

The Marshal is an independently elected official and does not hold board meetings.

- 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 and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The Marshal is an independently elected official and does not hold board meetings.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

The Marshal is an independently elected official and does not hold board meetings.

Bank Reconciliations

3. Obtain a listing of the entity's 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, electronically logged);

Bank reconciliations were prepared within 2 months of the statement closing date.

- 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

Bank reconciliations included evidence that a member of management/council member reviewed each reconciliation.

- 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.

As of December 31, 2019, all outstanding items greater than 12 months had been properly researched.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/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).

This category had no exceptions in the prior period and was not tested in the current period.

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on 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 the 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.

This category had no exceptions in the prior period and was not tested in the current period.

- 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.

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

- d) The employee 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 verifies the reconciliation.

This category had no exceptions in the prior period and was not tested in the current period.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

This category had no exceptions in the prior period and was not tested in the current period.

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 no the same day). Obtain supported documentation for each of the deposits and:
 - a) Observe that receipts are sequentially pre-numbered.

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

- 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).

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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).

The listing was provided by management.

9. For each location selected under #8 above, obtain a list 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.

At least two employees were not involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.

Management response: A purchase order system has been implemented for FYE 2020.

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

No exceptions noted.

- 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.

No exceptions noted.

- 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.

The signed checks were given back to the preparer to be mailed.

Management response: An employee in management other than the preparer will mail the checks.

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 invoice/billing statement.

All transactions tested were paid by and matched the original invoice.

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

All transactions tested were authorized, approved and processed by different employees.

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), 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.

The listing was provided by management.

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 excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

This category had no exceptions in the prior period and was not tested in the current period.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

This category had no exceptions in the prior period and was not tested in the current period.

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, observed 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).

This category had no exceptions in the prior period and was not tested in the current period.

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, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

- c) 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).

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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. Obtain management's representation that the list 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.

This category had no exceptions in the prior period and was not tested in the current period.

- 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).

This category had no exceptions in the prior period and was not tested in the current period.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

This category had no exceptions in the prior period and was not tested in the current period.

- 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.

This category had no exceptions in the prior period and was not tested in the current period.

Payroll and Personnel

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

This category had no exceptions in the prior period and was not tested in the current period.

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

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

This category had no exceptions in the prior period and was not tested in the current period.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

This category had no exceptions in the prior period and was not tested in the current period.

Ethics

20. Using the five 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.

This category had no exceptions in the prior period and was not tested in the current period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

This category had no exceptions in the prior period and was not tested in the current period.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the list is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

The Marshal's office does not have outstanding 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.

The Marshal's office does not have outstanding debt.

Other

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.

The Marshal informed us that he did not have any misappropriation of public funds or assets during the fiscal year.

24. Observe 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.

The Marshal has the required notice posted in a conspicuous place upon its premises or its website.

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

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

Shagren, Cassidy: Skully