

RUSTON CITY MARSHAL'S OFFICE

Component Unit Financial Statements
For the Year Ended September 30, 2019



**Ruston City Marshal's Office
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For the Year Ended September 30, 2019**

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INDEPENDENT AUDITORS' REPORT

Honorable James P. "Jim" Liner
Ruston City Marshal's Office
P.O. Box 1582
Ruston, LA 71273-1582

We have audited the accompanying component unit financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ruston City Marshal's Office, a component unit of the City of Ruston, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Marshal's component unit 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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 Ruston City Marshal's Office, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance 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 budgetary comparison information on pages 4 through 7 and pages 23 through 24 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 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 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 Ruston City Marshal's Office's basic financial statements. The other supplementary information on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City Marshal James P. "Jim" Liner,
Ruston City Marshal's Office
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2020, on our consideration of the Ruston City Marshal's Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ruston City Marshal's Office's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 11, 2020



Ruston Marshal's Office

Marshal Jim Liner

Richard Otwell, Chief Deputy

Eddy Griffith, Deputy

Anthony Pollard, Deputy

Michael Watts, Deputy

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Ruston City Marshal's Office (the Marshal) provides an overview of the Marshal's activities for the year ended September 30, 2019. Please read it in conjunction with the Marshal's financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Marshal's basic financial statements. The Marshal's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. These components are described below:

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of financial statements that present different views of the Marshal – the *Government-wide Financial Statements* and *Fund Financial Statements*. These financial statements also include the *Notes to the Financial Statements* that explain some of the information in the financial statements and provide additional detail.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Marshal's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Marshal's financial position, which assists users in assessing the Marshal's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenditures connected with the year even if cash has not been received or paid. The Marshal's financial statements contain only governmental activities. The government-wide financial statements include two statements.

- The **Statement of Net Position** presents all of the Marshal's assets and liabilities, with the difference between the two reported as "net position." Over time, increases or decreases in the Marshal's net assets may serve as a useful indicator of whether the financial position of the Marshal is improving or deteriorating.

- The **Statement of Activities** presents information showing how the Marshal's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Marshal, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Marshal are divided into two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Marshal's near term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Marshal's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Marshal.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Marshal's near-term financing decisions. Due to the nature of the operations there were no differences between the fund financial statements and the government-wide financial statements.

The Marshal has one governmental fund: the General Fund.

- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside of the Marshal. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Marshal's own programs. The accrual basis of accounting is used for fiduciary funds.

The Marshal has three fiduciary funds: the Bond Fund, the Civil Fund, and the Fines Fund.

The funds financial statements can be found immediately following the government-wide financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

Net position may serve over time as a useful indicator of the Marshal's financial position. The Marshal's net assets were \$349,542 and \$367,376 as of September 30, 2019 and 2018, respectively.

The Marshal's assets totaling \$349,542 consists mostly of cash and cash equivalents and net capital assets.

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Assets	\$ 349,898	\$ 367,879
Current Liabilities	356	503
Total Net Position	<u>\$ 349,542</u>	<u>\$ 367,376</u>

Changes in Net Position

The Marshal's net position decreased by \$17,834 during the year ended September 30, 2019 compared to an increase of \$44,253 during the prior year. The Marshal's total revenues derived from program revenue during the current year increased \$9,786 from the prior year, mainly due to an increase in on-behalf expenses, which mostly consist of retirement expenses and health insurance and salaries. Expenses increased \$71,873 due primarily to an increase in on-behalf salaries.

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program Revenues:		
Court Costs	\$ 165,356	\$ 213,263
On-Behalf	448,178	390,485
General Revenues:		
Interest	227	227
Other Income	-	-
Total Revenues	<u>613,761</u>	<u>603,975</u>
Program Expenses		
Operating Expenses	183,417	169,237
On-Behalf Expenses	448,178	390,485
Total Expenses	<u>631,595</u>	<u>559,722</u>
Increase/(Decrease) in Net Position	(17,834)	44,253
Net Position – Beginning of Year	<u>367,376</u>	<u>323,123</u>
Net Position – End of Year	<u>\$ 349,542</u>	<u>\$ 367,376</u>

FINANCIAL ANALYSIS OF THE MARSHAL'S INDIVIDUAL FUNDS

As noted earlier, the Marshal uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Marshal's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Marshal's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Marshal's net resources available for spending at September 30, 2019.

The General Fund accounts for receipts and disbursements of funds received from City Court costs and used in connection with City Marshal operating expenditures including paying for the Marshal's staff supplemental salaries. Unassigned fund balance decreased \$2,676 to \$277,637 at the end of the current fiscal year compared to an increase of \$41,642 in the prior year.

The ending governmental fund balance is unassigned and available for spending in the coming year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Marshal revised the budget three times. The difference between the original expenditure budget and the actual amount of expenditures was an increase of \$51,565. The difference between the original revenue budget and the actual amount of revenue was an increase of \$8,035.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year-ended 2020 budget reflects estimated receipts based on past receipts. The Marshal's office has no control over the amount of receipts each year. Receipts are dependant on several factors: number of arrests and tickets given by the local police departments; the number of cases successfully prosecuted by the prosecuting attorney; the number of defendants who pay, etc. Fines and court costs are set by the state legislature and by the Ruston City Judge. The fiscal year-ended 2018 budget reflects estimated amounts of expenditures for the coming year based upon past expenditures, current inflation rates, and known increases or decreases in expenditures for the coming year. Also, as per Statement No. 24 of the Governmental Accounting Standards Board, the fiscal year-ended 2020 budget includes payments to be made by the City of Ruston and State of Louisiana on behalf of the Marshal's office.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Marshal's finances and to show the Marshal's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ruston City Marshal's Office at 401 N. Trenton Street, Room 223, Ruston, LA 71270.

Basic Financial Statements

RUSTON CITY MARSHAL'S OFFICE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Governmental Activ ities</u>
<u>ASSETS</u>	
Cash	\$ 277,161
Accounts Receivable	315
Prepaid Expenses	517
Capital Assets, Net	71,905
Total Assets	<u>\$ 349,898</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 356
Total Liabilities	<u>356</u>
 <u>NET POSITION</u>	
Invested in Capital Assets	71,905
Unrestricted Net Position	277,637
Total Net Position	<u>\$ 349,542</u>

The notes to the financial statements are an integral part of this statement.

RUSTON CITY MARSHAL'S OFFICE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges</u>	<u>On-Behalf</u>	<u>Revenue and Changes</u>
		<u>for</u>	<u>Revenue</u>	<u>in Net Position</u>
		<u>Services</u>		<u>Government Activities</u>
Judicial:				
On-Behalf Salaries	\$ 448,178	\$ -	\$ 448,178	\$ -
Operating Expenses	<u>183,417</u>	<u>165,356</u>	<u>-</u>	<u>(18,061)</u>
Total Judicial Activities	<u>\$ 631,595</u>	<u>\$ 165,356</u>	<u>\$ 448,178</u>	<u>\$ (18,061)</u>
General Revenue:				
				227
				-
				<u>227</u>
				(17,834)
				<u>367,376</u>
				<u>\$ 349,542</u>

The notes to the financial statements are an integral part of this statement.

RUSTON CITY MARSHAL'S OFFICE
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 76,769
Savings	200,392
Bonding Fees Receivable	315
Prepaid Expenses	<u>517</u>
<u>TOTAL ASSETS</u>	<u>\$ 277,993</u>
<u>LIABILITIES</u>	
Accounts Payable	<u>\$ 356</u>
<u>FUND BALANCE</u>	
Unassigned Fund Balance	<u>277,637</u>
Total Fund Balance	<u>277,637</u>
<u>TOTAL LIABILITIES AND</u>	
<u>FUND BALANCE</u>	<u>\$ 277,993</u>

*Amounts reported for governmental activities
in the statement of net assets are different
because:*

Total Governmental Fund Balance	\$ 277,637
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>71,905</u>
Net Position of Governmental Activities	<u>\$ 349,542</u>

The notes to the financial statements are an integral part of this statement.

RUSTON CITY MARSHAL'S OFFICE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>General Fund</u>
Revenues:	
Court Cost Commissions	\$ 152,950
Bonding Fees	7,946
Service Fees	4,460
Interest Earned	227
On-Behalf	448,178
Total Revenues	613,761
Expenditures:	
Capital Outlay	400
Co-op Agreement w/City of Ruston	77,076
Community Service Programs	2,400
Supplemental Pay	18,300
Uniforms	151
Professional Fees	9,050
Retirement	39,938
Law Enforcement Supplies	3,731
Office Supplies	4,483
Repairs and Maintenance	-
On-Behalf Salaries and Expenses	448,178
Telephone and Utilities	2,689
Vehicle Expense	7,682
Other	2,359
Total Expenditures	616,437
Excess of Expenditures Over Revenues	(2,676)
Fund Balance at Beginning of Year	280,313
Fund Balance at End of Year	\$ 277,637

The notes to the financial statements are an integral part of this statement.

RUSTON CITY MARSHAL'S OFFICE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (2,676)
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Amounts reported for governmental activities in the statement of activities are different because:

Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	400
Loss on disposal of capital assets	-
Depreciation expense	(15,558)
	(15,158)

Change in Net Position in Governmental Activities	\$ (17,834)
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The notes to the financial statements are an integral part of this statement.

RUSTON CITY MARSHAL'S OFFICE
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
SEPTEMBER 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>\$ 62,325</u>
<u>TOTAL ASSETS</u>	<u>\$ 62,325</u>
<u>LIABILITIES</u>	
Deposits Due to Others	<u>\$ 62,325</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 62,325</u>

The notes to the financial statements are an integral part of this statement.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ruston City Marshal's Office receives fees and costs for services rendered on civil and criminal cases, in accordance with state law, for the administration and staff support of the elected position of the Ruston City Marshal. The elected position of Ruston City Marshal was created by special legislative Act RS 13; 1952 (20). Its territorial jurisdiction extends throughout Lincoln Parish, Louisiana. The Marshal is the executive officer of the court executing the orders and mandates of the Ruston City Court. He also acts as custodian of cash bail bonds, fines and court costs, and civil amounts collected. The Marshal can appoint deputy marshals to help him fulfill his responsibilities. The fees and costs received by this office are dedicated to the administration and support of this elected position and cannot be used to compensate the holder of the elected position. The holder of the elected position of Ruston City Marshal receives fees for services rendered on civil cases, in accordance with state law, from the civil fund he administers for the Ruston City Court. The accompanying basic financial statements of the Ruston City Marshal's Office are prepared in accordance 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 more significant accounting policies used by the Marshal's Office are discussed below:

A. Reporting Entity

The Ruston City Marshal's Office is fiscally dependent on the City of Ruston for office space, related utility costs, and providing the primary funding of salary costs. Because the Marshal's Office is fiscally dependent on the City, the Marshal's Office was determined to be a component unit of the City of Ruston. For the purposes of this financial report this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

The Marshal's Office uses the fund accounting method to maintain its financial records. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain custodian functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The following funds are used by the Marshal's Office:

Governmental Funds

Governmental funds account for all or most of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Ruston City Marshal's Office. The Marshal's Office uses one fund, the General Fund, to account for all financial resources, except those required to be accounted for in other funds. The General Fund resources are available for any purpose provided they are expended or transferred in accordance with state and federal laws and according to the policy of the Marshal's Office.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Marshal's Office are agency funds. The agency funds account for assets held by the Marshal's Office in a trustee capacity or as an agent for individuals and other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. Since these assets are being held for a third party and cannot be used for the activities or obligations of the government, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements

The amounts reflected in the general fund financial statements and agency fund statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources and uses of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Marshal's operations. For the year ended September 30, 2019, there were no differences between the fund financial statements and the government-wide financial statements.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (continued)

The amounts reflected in the general fund financial statements and agency fund statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). Measurable means the amount of the transaction can be determined, and available means the amount of the transaction is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Marshal's Office considers all revenues available if they are collected within sixty days after the fiscal year end. Expenditures are recorded when the related fund is incurred.

Government-Wide Financial Statements

The column labeled Statement of Net Position and the column labeled Statement of Activities display information about the Marshal's Office as a whole. These statements included all the financial activities of the Marshal's Office. Information contained in these columns reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the column labeled Statement of Activities are derived directly from court defendants and plaintiffs as a fee for services and from on-behalf payments made by other governmental units for salaries and benefits of employees of the Marshal's Office; program revenues reduce the net cost of the function to be financed from other sources of the marshal's general revenues.

E. Compensated Absences

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

F. Budgetary Practices

The Marshal's Office prepared an operating budget on its General Fund for the year ended September 30, 2019. Budgetary data is prepared based on prior year actual operating revenues and expenditures, and expected differences between actual and anticipated revenues and expenditures. It is monitored by management and amended throughout the year as necessary. The Marshal's Office performs only a custodial function in the case of agency funds and therefore a budget for these funds is not appropriate. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgetary Practices (continued)

The 2019 general fund budget was authorized by the Marshal, made available for public inspection at the Marshal's Office, and adopted by the Marshal on August 23, 2019. The budget was legally amended by the Marshal for the year ended September 30, 2019.

G. Cash and Certificates of Deposit

Cash on hand, demand deposits, and time deposits with original maturities of three months or less from the date of acquisition are reported as cash. Time deposits with original maturities in excess of three months from the date of acquisition are reported as certificates of deposit. State law and the investment policy allows the Marshal's Office to invest in collateralized certificates of deposit. Bank deposits (or 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. Pledged 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. Cash and certificates of deposit are carried at cost which approximates market value.

H. Capital Assets – Governmental-Wide Financial Statements

Capital assets, with an original cost of \$250 or more, are capitalized at cost. Salvage value is estimated at 5% to 10% of historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Equipment	5 – 10 years
Communication	10 years
Law Enforcement	10 years
Furniture and Fixtures	5 years
Vehicles	5 years
Computers	5 years
Weapons	10 years

Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless removed by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Marshal's "intent" to be used for specific purposes, but are neither restricted nor committed. Management has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Marshal's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019

NOTE 2 – CASH AND CASH EQUIVALENTS

At September 30, 2019, the Marshal's Office has under its control general fund cash, general fund savings, and fiduciary fund cash (book balances) totaling \$339,486. The general fund cash includes \$200 in petty cash. The Marshal's collected balances with financial institutions at September 30, 2019 is \$463,158 of which \$450,385 is secured by federal deposit insurance and the remaining \$12,773 is secured by pledged securities held by the bank's agent in the name of the bank.

NOTE 3 – CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2019, are as follows:

	<u>Balance</u> <u>10/01/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/19</u>
<u>Capital Assets at Cost</u>				
Communications	\$ 8,723	\$ -	\$ -	\$ 8,723
Computers	7,815	-	-	7,815
Furniture and Fixtures	4,327	-	-	4,327
Law Enforcement	3,324	-	-	3,324
Office Equipment	6,152	400	-	6,552
Vehicles	106,875	-	-	106,875
Weapons	10,434	-	-	10,434
Office Renovations	14,838	-	-	14,838
Totals	<u>162,488</u>	<u>400</u>	<u>-</u>	<u>162,888</u>
<u>Less Accumulated Depreciation</u>				
Communications	1,894	785	-	2,679
Computers	4,516	1,244	-	5,760
Furniture and Fixtures	1,702	406	-	2,108
Law Enforcement	2,103	299	-	2,402
Office Equipment	3,665	421	-	4,086
Vehicles	57,416	11,290	-	68,706
Weapons	3,904	740	-	4,644
Office Renovations	225	373	-	598
Totals	<u>75,425</u>	<u>15,558</u>	<u>-</u>	<u>90,983</u>
Net Capital Assets	<u>\$ 87,063</u>	<u>\$ 15,158</u>	<u>\$ -</u>	<u>\$ 71,905</u>

Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019

**NOTE 4 – RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENTAL-WIDE STATEMENT OF NET POSITION**

At September 30, 2019, assets reported as available for government activities in the Statement of Net Position are different from the General Fund Balance Sheet as follows:

Fund Balance – General Fund	\$ 277,637
Adjustment for Capital Assets – Capital assets used in governmental activities are not financial resources and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	<u>71,905</u>
Total Net Assets of Governmental Activities	<u>\$ 349,542</u>

**NOTE 5 – RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO
THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

At September 30, 2019, amounts reported for government activities in the Statement of Activities are different from the General Fund Revenues, Expenditures, and Changes in Fund Balance as follows:

Net Change in Fund Balance – General Fund	\$ (2,676)
Adjustment for Difference in Capital Outlays and Depreciation – Governmental funds report capital outlays as expenditures while in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. An adjustment is required for the amount by which capital outlays exceeded depreciation expense in the current period.	<u>(15,158)</u>
Change in Net Assets of Governmental Activities	<u>\$ (17,834)</u>

NOTE 6 – RETIREMENT COMMITMENTS

The Ruston City Marshal's Office employees are paid by the City of Ruston and receive supplemental wages from the State of Louisiana and the Ruston City Marshal's Office. Wages paid for these employees by the City and the Marshal's Office are covered under the City's participation in the Municipal Employees' Retirement System of Louisiana and retirement contributions are paid by the City. The Ruston City Marshal's Office receives fees and commissions, as an elected municipal official, that are covered under the Ruston City Marshal's Office's participation in the Municipal Employees' Retirement System of Louisiana. The Municipal Employees' Retirement System of Louisiana (the System) is a cost sharing, multiple employee defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

NOTE 6 – RETIREMENT COMMITMENTS (continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Marshal's Office is required to contribute at an actuarially determined rate. The rate was 26% from October 1, 2018 through June 30, 2019 and 27.75% from July 1, 2019 through September 30, 2019. The contribution requirements of plan members and the Marshal's Office are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Marshal's Office contributions to the System under Plan A for the year ending September 30, 2019, were \$39,938.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 6750 Van Gogh, Baton Rouge, Louisiana 70806, or by calling (504) 925-4810.

NOTE 7 – ON-BEHALF PAYMENTS

Employees of the Ruston City Marshal's Office received salaries and fringe benefits from the City of Ruston and the State of Louisiana. The following is a summary of these on-behalf payments:

Salaries	\$ 330,202
Fringe Benefits	<u>117,976</u>
Totals	<u>\$ 448,178</u>

Fringe benefits paid by the City of Ruston include pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 11, 2020, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

**Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2019**

NOTE 9 – CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others follows:

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at End of Year</u>
Agency Funds:				
Bonds Fund	\$ 31,650	\$ 23,800	\$ 40,900	\$ 14,550
Civil Fund	68,610	506,099	527,784	46,925
Fines Fund	<u>1,989</u>	<u>1,223,844</u>	<u>1,224,983</u>	<u>850</u>
	<u>\$ 102,249</u>	<u>\$ 1,753,743</u>	<u>\$ 1,793,667</u>	<u>\$ 62,325</u>

NOTE 10 – CO-OP AGREEMENT WITH THE CITY OF RUSTON

The Ruston City Marshal's Office entered into a co-operative agreement with the City of Ruston to share revenues generated from the City's Safe Driving Initiative. The Marshal's Office remitted \$77,076 in revenues generated from the program to the City during the fiscal year ended September 30, 2019.

Required Supplemental Information

RUSTON CITY MARSHAL'S OFFICE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Court Cost Commissions	\$ 191,000	\$ 152,950	\$ 152,950	\$ -
Bonding Fees	8,400	8,306	7,946	(360)
Service Fees	1,700	4,256	4,460	204
Interest Earned	200	227	227	-
Other	100	204	-	(204)
On-Behalf	404,326	449,694	448,178	(1,516)
Total Revenues	605,726	615,637	613,761	(1,876)
<u>Expenditures</u>				
Capital Outlay	-	400	400	-
Co-op Agreement w/City of Ruston	77,076	77,076	77,076	-
Community Service Programs	2,400	2,400	2,400	-
Supplemental Pay	18,600	18,300	18,300	-
Uniforms	2,000	151	151	-
Professional Fees	9,000	9,050	9,050	-
Retirement	26,520	39,938	39,938	-
Law Enforcement Supplies	2,000	3,708	3,731	(23)
Office Supplies	5,000	4,737	4,483	254
Repairs and Maintenance	1,000	-	-	-
On-Behalf Salaries and Expenses	404,326	449,694	448,178	1,516
Telephone and Utilities	3,000	2,689	2,689	-
Vehicle Expense	10,500	7,758	7,682	76
Other	3,450	2,045	2,359	(314)
Total Expenditures	564,872	617,946	616,437	1,509
<u>Excess (Deficiency) of Revenues Over Expenditures</u>				
	40,854	(2,309)	(2,676)	(367)
<u>Net Change in Fund Balance</u>				
	40,854	(2,309)	(2,676)	(367)
<u>Fund Balance at Beginning of Year</u>				
	280,313	280,313	280,313	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ 321,167	\$ 278,004	\$ 277,637	\$ (367)

See the following notes to budgetary comparison schedule.

Ruston City Marshal's Office
Notes to Budgetary Comparison Schedule
For The Year Ended September 30, 2019

The Marshal's Office uses the following budget practices:

1. In August of each year, the Marshal prepares an operating budget for the succeeding year.
2. Final adoption of the budget by the Marshal is in September.
3. The Marshal may authorize budget revisions periodically throughout the year.
4. Operating appropriations and non-major capital appropriations, to the extent not expended, lapse at year end.
5. All legally adopted budgets of the Marshal's Office are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). A Budget is adopted for the General Fund.

Budget comparison statement included in the accompanying financial statements includes the original adopted budget and subsequent adopted amendment.

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**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 AUDIT STANDARDS**

Honorable James P. "Jim" Liner
Ruston City Marshal's Office
Ruston, Louisiana

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 component unit financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ruston City Marshal's Office, a component unit of the City of Ruston, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City Marshal's of Ruston, Louisiana, component unit financial statements and have issued our report thereon dated March 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Ruston City Marshal's Office'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 Ruston City Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ruston City Marshal's Office'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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as 19-01.

Honorable James P. "Jim" Liner
Ruston City Marshal's Office
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ruston City Marshal's Office's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Ruston City Marshal's Office Response to the Finding

The Marshal's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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, the communication is not suitable for any other purpose.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 11, 2020

**Ruston City Marshal's Office
Schedule of Findings and Responses
For The Year Ended September 30, 2019**

Honorable James P. "Jim" Liner
Ruston City Marshal's Office
Ruston, Louisiana

We have audited the component unit financial statements of the Ruston City Marshal's Office as of and for the year ended September 30, 2019, and have issued our report thereon dated March 11, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the component unit financial statements as of September 30, 2019, resulted in an unmodified opinion.

Section I- Summary of Auditors' Reports

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

Deficiencies in Internal Control

Material Weakness ___yes Xno

Significant Deficiencies not considered to be
Material Weaknesses Xyes ___no

Compliance

Compliance Material to Financial Statements ___yes Xno

B. Federal Awards – N/A

Material Weakness Identified ___yes ___no

Significant Deficiencies not considered to be
Material Weaknesses ___yes ___no

Type of Opinion on Compliance For Major Programs

Unmodified ___ Modified _____

Disclaimer ___ Adverse _____

Are there findings required to be reported in accordance with the Uniform
Guidance? N/A

C. Identification of Major Programs: N/A

Dollar threshold used to distinguish between Type A and Type B Programs.

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance?

**Ruston City Marshal's Office
Schedule of Findings and Responses
For The Year Ended September 30, 2019**

Section II- Financial Statement Findings

19-01 Lack of Separation of Incompatible Duties

Condition:

The Ruston City Marshal's office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Criteria:

Proper internal control requires separation of incompatible duties.

Cause:

The Marshal's Office has too small of a staff to adequately segregate incompatible duties.

Effect:

Lack of separation of incompatible duties increases the risk that errors would not be detected or corrected in a timely manner.

Recommendation:

To the extent possible other Marshal employees could assist with incompatible duties.

Response:

The Marshal's Office has an accounting workload that can be easily managed by one employee. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.

Section III-Federal Award Findings and Question Costs

This section is not applicable for this entity.

**Ruston City Marshal's Office
Management's Corrective Action Plan
For the Year Ended September 30, 2019**

Internal Control and Compliance Material to the Financial Statements

19-01 Lack of Separation of Incompatible Duties

Condition:

The Ruston City Marshal's office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Recommendation:

To the extent possible other Marshal employees could assist with incompatible duties.

Response:

The Marshal's Office has an accounting workload that can be easily managed by one employee. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.

**Ruston City Marshal's Office
Schedule of Prior Year Findings
For the Year Ended September 30, 2019**

Internal Control and Compliance Material to the Financial Statements

18-01 Lack of Separation of Incompatible Duties

Condition:

Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Status:

Unresolved.

Management Letter

No management letter was issued.

Other Supplemental Information

Ruston City Marshal's Office
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to
Agency Head
For The Fiscal Year Ended September 30, 2019

Schedule 2

Agency Head:

Jim Liner
City Marshal

Paid by the City of Ruston, Louisiana

Salary	\$ 22,162
Benefits - Health Insurance	8,928
Benefits - Retirement	7,568
Benefits - Life Insurance	54

Paid by the Ruston Marshal's Office

Service and Mileage Fees	71,332
Garnishment and Sales Commissions	35,194
Repossession Fees	44,670
Benefits - Retirement	39,938

Paid by the State of Louisiana

State Supplemental Pay	6,000
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Total Compensation, Benefits and Other Payments	<u>\$ 235,846</u>
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See independent auditors' report.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Ruston City Marshal and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Ruston City Marshal (Marshal) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2018 through September 30, 2019. The Marshal'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 Marshal's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Marshal's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, 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 Marshal's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.

Findings: Six exceptions noted where the policies and procedures did not address the required topics.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Marshal's main operating account. Select the Marshal's main operating account and randomly select 4 additional accounts³ (or all accounts if less than 5). Randomly select one

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ Accounts selected may exclude savings and investment accounts that are not part of the THE MARSHAL's daily business operations.

month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each 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);
- 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
- 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.

Findings: Four exceptions noted where bank reconciliations did not include evidence that they were prepared within 2 months of the related statement closing date. Four exceptions noted where the person who reviews each bank reconciliation also posts ledgers and issues checks.

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

3. 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).

Findings: We obtained the listing and management's representation.

4. For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.

Findings: One exception noted where there were not at least two employees involved in processing and approving payments to vendors. One exception noted where the employee responsible for processing payments was not prohibited from adding/modifying vendor files.

5. For each location selected under #8 above, obtain the Marshal'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.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

Findings: Five exceptions noted where the disbursement documentation did not include evidence of segregation of duties tested under #4.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 5, 2020