

RUSTON CITY MARSHAL'S OFFICE

*Component Unit Financial Statements
For the Year Ended September 30, 2018*



Ruston City Marshal's Office
Table of Contents
For the Year Ended September 30, 2018

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-7

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Fund Type	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Statement of Fiduciary Assets and Liabilities – Agency Funds	13
Notes to Basic Financial Statements	14-22

REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Comparison Schedule	23
Notes to Budgetary Comparison Schedule	24
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>	25-26
Schedule of Findings and Responses	27-28
Management's Corrective Action Plan	29
Schedule of Prior Audit Findings	30

OTHER SUPPLEMENTAL INFORMATION

Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head	31
---	----

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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, 2018, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2018, 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
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019, 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 25, 2019

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, 2018. 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 \$367,376 and \$323,123 as of September 30, 2018 and 2017, respectively.

The Marshal's assets totaling \$367,879 consists mostly of cash and cash equivalents and net capital assets.

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Assets	\$ 367,879	\$ 324,233
Current Liabilities	503	1,110
Total Net Position	<u>\$ 367,376</u>	<u>\$ 323,123</u>

Changes in Net Position

The Marshal's net position increased by \$44,253 during the year ended September 30, 2018 compared to an increase of \$194,751 during the prior year. The Marshal's total revenues derived from program revenue during the current year increased \$63,052 from the prior year, mainly due to an increase in court cost commissions. Expenses increased \$213,589 due primarily to a decrease in on-behalf salaries.

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program Revenues:		
Court Costs	\$ 213,263	\$ 273,046
On-Behalf	390,485	267,650
General Revenues:		
Interest	227	188
Other Income	-	-
Total Revenues	<u>603,975</u>	<u>540,884</u>
Program Expenses		
Operating Expenses	169,237	78,483
On-Behalf Expenses	<u>390,485</u>	<u>267,650</u>
Total Expenses	<u>559,722</u>	<u>346,133</u>
Increase in Net Position	44,253	194,751
Net Position – Beginning of Year	<u>323,123</u>	<u>128,372</u>
Net Position – End of Year	<u>\$ 367,376</u>	<u>\$ 323,123</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, 2018.

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 increased \$41,642 to \$280,313 at the end of the current fiscal year compared to an increase of \$152,810 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 seven times. The difference between the original expenditure budget and the actual amount of expenditures was a decrease of \$6,442. The difference between the original revenue budget and the actual amount of revenue was a decrease of \$25,543.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The fiscal year-ended 2019 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 2019 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 116, Ruston, LA 71270.

Basic Financial Statements

RUSTON CITY MARSHAL'S OFFICE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

	<u>Governmental Activities</u>
 <u>ASSETS</u> 	
Cash	\$ 279,499
Accounts Receivable	675
Prepaid Expenses	642
Capital Assets, Net	87,063
Total Assets	<u>\$ 367,879</u>
 <u>LIABILITIES</u> 	
Accounts Payable	\$ 503
Total Liabilities	<u>503</u>
 <u>NET POSITION</u> 	
Invested in Capital Assets	87,063
Unrestricted Net Position	280,313
Total Net Position	<u>\$ 367,376</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, 2018

<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	\$ 390,485	\$ -	\$ 390,485	\$ -
Operating Expenses	<u>169,237</u>	<u>213,263</u>	<u>-</u>	<u>44,026</u>
Total Judicial				
Activities	<u>\$ 559,722</u>	<u>\$ 213,263</u>	<u>\$ 390,485</u>	<u>\$ 44,026</u>
General Revenue:				
				227
Interest Earned				227
Other Income				<u>-</u>
Total General Revenue				<u>227</u>
				44,253
Change in Net Position				44,253
				323,123
Net Position October 1, 2017				<u>323,123</u>
				367,376
Net Position September 30, 2018				<u>\$ 367,376</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, 2018

<u>ASSETS</u>	<u>General Fund</u>
Cash	\$ 79,297
Savings	200,202
Bonding Fees Receivable	675
Prepaid Expenses	642
	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 280,816</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 503
	<hr/>
<u>FUND BALANCE</u>	
Unassigned Fund Balance	280,313
Total Fund Balance	280,313
	<hr/>
<u>TOTAL LIABILITIES AND</u> <u>FUND BALANCE</u>	<u>\$ 280,816</u>

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

Total Governmental Fund Balance	\$ 280,313
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<hr/>
	87,063
Net Position of Governmental Activities	<u>\$ 367,376</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, 2018

	<u>General Fund</u>
Revenues:	
Court Cost Commissions	\$ 202,147
Bonding Fees	9,105
Service Fees	2,011
Interest Earned	227
On-Behalf	390,485
Total Revenues	603,975
 Expenditures:	
Capital Outlay	25,691
Co-op Agreement w/City of Ruston	74,190
Community Service Programs	2,400
Supplemental Pay	15,000
Uniforms	608
Professional Fees	8,935
Retirement	25,568
Law Enforcement Supplies	1,910
Office Supplies	4,398
Repairs and Maintenance	-
On-Behalf Salaries and Expenses	390,485
Telephone and Utilities	2,750
Vehicle Expense	9,528
Other	870
Total Expenditures	562,333
Excess of Revenues Over Expenditures	41,642
Fund Balance at Beginning of Year	238,671
Fund Balance at End of Year	\$ 280,313

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	\$ 41,642
---	-----------

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	28,191
Loss on disposal of capital assets	(2,647)
Depreciation expense	(22,933)
	2,611

Change in Net Position in Governmental Activities	\$ <u>44,253</u>
--	------------------

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, 2018

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	<u>\$ 102,250</u>
<u>TOTAL ASSETS</u>	<u><u>\$ 102,250</u></u>
<u>LIABILITIES</u>	
Deposits Due to Others	<u>\$ 102,250</u>
<u>TOTAL LIABILITIES</u>	<u><u>\$ 102,250</u></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, 2018

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, 2018

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, 2018, 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, 2018

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, 2018. 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, 2018

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Budgetary Practices (continued)

The 2018 general fund budget was authorized by the Marshal, made available for public inspection at the Marshal's Office, and adopted by the Marshal on September 11, 2017. The budget was legally amended by the Marshal for the year ended September 30, 2018.

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, 2018

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.

Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2018

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.

NOTE 2 – CASH AND CASH EQUIVALENTS

At September 30, 2018, the Marshal's Office has under its control general fund cash, general fund savings, and fiduciary fund cash (book balances) totaling \$381,748. The general fund cash includes \$200 in petty cash. The Marshal's collected balances with financial institutions at September 30, 2018 is \$513,407 of which \$450,194 is secured by federal deposit insurance and the remaining \$63,213 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, 2018, are as follows:

	<u>Balance</u> <u>10/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/18</u>
<u>Capital Assets at Cost</u>				
Communications	\$ 8,723	\$ -	\$ -	\$ 8,723
Computers	8,215	-	400	7,815
Furniture and Fixtures	4,327	-	-	4,327
Law Enforcement	3,553	-	229	3,324
Office Equipment	6,754	-	602	6,152
Vehicles	98,677	28,191	19,993	106,875
Weapons	10,434	-	-	10,434
Office Renovations	14,838	-	-	14,838
Totals	155,521	28,191	21,224	162,488
<u>Less Accumulated Depreciation</u>				
Communications	1,109	785	-	1,894
Computers	3,278	1,244	6	4,516
Furniture and Fixtures	1,281	421	-	1,702
Law Enforcement	2,010	299	206	2,103
Office Equipment	3,632	404	371	3,665
Vehicles	56,595	18,815	17,994	57,416
Weapons	3,164	740	-	3,904
Office Renovations	-	225	-	225
Totals	71,069	22,933	18,577	75,425
Net Capital Assets	\$ 84,452	\$ 5,258	\$ 2,647	\$ 87,063

Ruston City Marshal's Office
Notes to Financial Statements
For The Year Ended September 30, 2018

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

At September 30, 2018, 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	\$ 280,313
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>87,063</u>
Total Net Assets of Governmental Activities	<u>\$ 367,376</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, 2017, 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	\$ 41,642
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>2,611</u>
Change in Net Assets of Governmental Activities	<u>\$ 44,253</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, 2018

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 24.75% from October 1, 2017 through June 30, 2017 and 26.00% from July 1, 2018 through September 30, 2018. 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, 2018, were \$25,568.

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	\$ 279,207
Fringe Benefits	<u>111,278</u>
Totals	<u>\$ 390,485</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 25, 2019, 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, 2018

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	\$ 16,700	\$ 32,512	\$ 17,562	\$ 31,650
Civil Fund	51,863	526,658	509,910	68,611
Fines Fund	<u>996</u>	<u>1,537,282</u>	<u>1,536,289</u>	<u>1,989</u>
	<u>\$ 69,558</u>	<u>\$ 2,096,452</u>	<u>\$2,063,761</u>	<u>\$ 102,250</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 \$74,190 in revenues generated from the program to the City during the fiscal year ended September 30, 2018.

Required Supplemental Information

RUSTON CITY MARSHAL'S OFFICE
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<u>Revenues</u>				
Court Cost Commissions	\$ 250,000	\$ 202,147	\$ 202,147	\$ -
Bonding Fees	8,500	8,925	9,105	180
Service Fees	2,500	2,011	2,011	-
Interest Earned	150	227	227	-
Other	750	-	-	-
On-Behalf	367,618	390,485	390,485	-
Total Revenues	629,518	603,795	603,975	180
<u>Expenditures</u>				
Capital Outlay	40,000	25,691	25,691	-
Co-op Agreement w/City of Ruston	88,774	74,190	74,190	-
Community Service Programs	2,400	2,400	2,400	-
Supplemental Pay	15,000	15,000	15,000	-
Uniforms	3,000	608	608	-
Professional Fees	3,300	8,935	8,935	-
Retirement	21,533	25,568	25,568	-
Law Enforcement Supplies	2,500	1,896	1,910	(14)
Office Supplies	9,000	4,643	4,398	245
Repairs and Maintenance	1,000	-	-	-
On-Behalf Salaries and Expenses	367,618	386,305	390,485	(4,180)
Telephone and Utilities	3,200	2,830	2,750	80
Vehicle Expense	9,000	9,506	9,528	(22)
Other	2,450	994	870	124
Total Expenditures	568,775	558,566	562,333	(3,767)
<u>Excess (Deficiency) of Revenues Over</u>				
<u>Expenditures</u>	60,743	45,229	41,642	(3,587)
Net Change in Fund Balance	60,743	45,229	41,642	(3,587)
Fund Balance at Beginning of Year	238,671	238,671	238,671	-
<u>FUND BALANCE AT END OF YEAR</u>	\$ 299,414	\$ 283,900	\$ 280,313	\$ (3,587)

See the following notes to budgetary comparison schedule.

Ruston City Marshal's Office
Notes to Budgetary Comparison Schedule
For The Year Ended September 30, 2018

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.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

**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, 2018, 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 25, 2019.

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. 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 18-01.

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's Response to the Finding

The Marshal's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. 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 25, 2019

Ruston City Marshal's Office
Schedule of Findings and Responses
For The Year Ended September 30, 2018

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, 2018, and have issued our report thereon dated March 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the component unit financial statements as of September 30, 2018, 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 no

Significant Deficiencies not considered to be
Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

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 their findings required to be reported in accordance with the Uniform
Guidance?

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, 2018

Section II- Financial Statement Findings

18-01 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, 2018

Internal Control and Compliance Material to the Financial Statements

18-01 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, 2018

Internal Control and Compliance Material to the Financial Statements

17-01 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, 2018

Agency Head:

Jim Liner
City Marshal

Paid by the City of Ruston, Louisiana

Salary	
Benefits - Health Insurance	\$ 22,162
Benefits - Retirement	8,928
Benefits - Life Insurance	7,053
	54

Paid by the Ruston Marshal's Office

Service and Mileage Fees	
Garnishment and Sales Commissions	53,643
Benefits - Retirement	47,798
	25,568

Paid by the State of Louisiana

State Supplemental Pay	
	6,000

Total Compensation, Benefits and Other Payments

\$ 171,206

See independent auditors' report.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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, 2017 through September 30, 2018. 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.

Findings: No exceptions noted.

Bank Reconciliations

3. 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 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);

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.

- 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 the person who reviews each bank reconciliation also posts ledgers and issues checks.

Collections

- 4. Obtain a listing of deposit sites⁴ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

- 5. For each deposit site selected, obtain a listing of collection locations⁵ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: No exceptions noted.

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

Findings: No exceptions noted.

⁴ A deposit site is a physical location where a deposit is prepared and reconciled.

⁵ A collection location is a physical location where cash is collected. A MARSHAL may have one or more collection locations whose collections are brought to a deposit site for deposit.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁶. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Findings: No exceptions noted.

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - 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.

⁶ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- 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.

- 10. 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 #9, as applicable.

Findings: No exceptions noted.

Travel and Travel-Related Expense Reimbursements⁷ (excluding card transactions)

- 11. 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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

⁷ Non-travel reimbursements are not required to be tested under this category.

Other

12. 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 Marshal reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Marshal is domiciled.

Findings: The Marshal did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

13. Observe that the Marshal has posted on its premises⁸ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.⁹

Findings: No exceptions noted.

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
February 22, 2019

⁸ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

⁹ This notice is available for download or print at www.la.gov/hotline.