

**MARSHAL – CITY COURT
OF LAFAYETTE, LOUISIANA**

FINANCIAL REPORT

YEAR ENDED OCTOBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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To the Marshal
City Court of Lafayette, Louisiana
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshal, City Court of Lafayette, Louisiana (Marshal), as of and for the year then ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 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 Marshal as of October 31, 2018, and the respective changes in financial position 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 budgetary comparison information on page 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

The Marshal has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marshal's basic financial statements. The other supplementary information on pages 26 through 31 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements and schedule on pages 26-27 and 30-31 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements are fairly stated in all material respects in relation to the financial statements as a whole. The prior year comparative information on these statements has been derived from the financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the financial statements as a whole.

The comparison schedules on pages 28 and 29 have not been subjected to the auditing procedures applied in the audit of the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019 on our consideration of the Marshal's internal control over financial reporting and on our test 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 Marshal's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 22, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Statement of Net Position
October 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 86,607
Accounts receivable	32,734
Prepaid expenses	<u>43,370</u>
Total current assets	162,711
Noncurrent assets:	
Capital assets, net	<u>194,871</u>
TOTAL ASSETS	<u>357,582</u>
LIABILITIES	
Current liabilities:	
Accounts payable	56,800
Capital lease payable	<u>31,664</u>
Total current liabilities	88,464
Noncurrent liabilities:	
Capital lease payable	<u>82,369</u>
Total liabilities	<u>170,833</u>
NET POSITION	
Net investment in capital assets	80,838
Restricted	3,543
Unrestricted	<u>102,368</u>
TOTAL NET POSITION	<u>\$ 186,749</u>

The accompanying notes are an integral part of the basic financial statements.

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Statement of Activities
For the Year Ended October 31, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue And Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 2,239,455	\$ 451,446	\$ 1,701,790	\$ (86,219)
Interest on long-term debt	<u>1,929</u>	<u>-</u>	<u>-</u>	<u>(1,929)</u>
Total governmental activities	<u>\$ 2,241,384</u>	<u>\$ 451,446</u>	<u>\$ 1,701,790</u>	<u>(88,148)</u>
General revenues:				
Miscellaneous				<u>960</u>
Change in net position				<u>(87,188)</u>
Net position - November 1, 2017				<u>273,937</u>
Net position - October 31, 2018				<u>\$ 186,749</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Balance Sheet - Governmental Funds

October 31, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and interest-bearing deposits	\$ 83,064	\$ 3,543	\$ 86,607
Receivables -			
Accounts	32,734	-	32,734
Prepaid expenses	<u>43,370</u>	<u>-</u>	<u>43,370</u>
Total assets	<u>\$ 159,168</u>	<u>\$ 3,543</u>	<u>\$ 162,711</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	<u>\$ 56,800</u>	<u>\$ -</u>	<u>\$ 56,800</u>
Fund balances:			
Nonspendable (prepaid expenses)	43,370	-	43,370
Restricted	-	3,543	3,543
Unassigned	<u>58,998</u>	<u>-</u>	<u>58,998</u>
Total fund balances	<u>102,368</u>	<u>3,543</u>	<u>105,911</u>
Total liabilities and fund balances	<u>\$ 159,168</u>	<u>\$ 3,543</u>	<u>\$ 162,711</u>

The accompanying notes are an integral part of the basic financial statements.

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
October 31, 2018

Total fund balances for governmental funds at October 31, 2018		\$ 105,911
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Equipment, net of \$477,074 of accumulated depreciation	\$ 182,347	
Furniture and fixtures, net of \$88,333 net of accumulated depreciation	<u>12,524</u>	194,871
Long-term liabilities at October 31, 2018:		
Capital lease payable		<u>(114,033)</u>
Net position at October 31, 2018		<u>\$ 186,749</u>

The accompanying notes are an integral part of the basic financial statements.

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended October 31, 2018

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Fees charges and commissions for services -			
Bond forfeitures	\$ 11,688	\$ -	\$ 11,688
Fees and commissions	439,758	-	439,758
Intergovernmental -			
Federal grants	12,095	-	12,095
On-behalf payments	1,689,695	-	1,689,695
Miscellaneous revenue	960	-	960
Total revenues	<u>2,154,196</u>	<u>-</u>	<u>2,154,196</u>
Expenditures:			
Current -			
General government	2,198,817	-	2,198,817
Capital outlay	112,357	-	112,357
Debt service	21,782	-	21,782
Total expenditures	<u>2,332,956</u>	<u>-</u>	<u>2,332,956</u>
Excess (deficiency) of revenues over expenditures	(178,760)	-	(178,760)
Other financing sources:			
Proceeds from capital lease	103,887	-	103,887
Net change in fund balances	(74,873)	-	(74,873)
Fund balances, beginning	<u>177,241</u>	<u>3,543</u>	<u>180,784</u>
Fund balances, ending	<u>\$ 102,368</u>	<u>\$ 3,543</u>	<u>\$ 105,911</u>

The accompanying notes are an integral part of the basic financial statements.

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended October 31, 2018

Total net changes in fund balances for the year ended October 31, 2018 per statement of revenues, expenditures and changes in fund balances			\$ (74,873)
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances		\$ 112,357	
Depreciation expense for the year ended October 31, 2018		<u>(40,638)</u>	71,719
Capital lease proceeds are reported as other financing sources in the governmental funds, however, issuing debt increases long-term liabilities and does not affect the statement of activities			
			(103,887)
Capital lease payments considered as an expenditure on the statement of revenues, expenditures, and changes in fund balances whereas the payment reduces the balance of lease payable on the statement of net position			
			<u>19,853</u>
Total changes in net position for the year ended October 31, 2018 per statement of activities			<u>\$ (87,188)</u>

The accompanying notes are an integral part of the basic financial statements.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements

INTRODUCTION

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Marshal – City Court of Lafayette, Louisiana (Marshal) is an elected official who serves six-year terms. The Marshal is charged with the responsibility of conducting policing and security functions for the City Court of Lafayette, Louisiana. Operations of the Marshal’s office are funded by Lafayette City-Parish Consolidated Government (LCG), the State of Louisiana, and court costs charged by the City Court of Lafayette, Louisiana attributable to the performance of the Marshal’s duties.

These financial statements only include funds, activities, et cetera, that are controlled by the Marshal as an independently elected official.

B. Basis of Presentation

The accompanying basic financial statements of the Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with professional standards.

The statement of activities presents a comparison between direct expenses and program revenues for the Marshal’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include bond forfeitures, drug seizures, equitable sharing receipts, and fees and commissions. Revenues that are not classified as program revenues are presented as general revenues.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements (FFS)

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

Governmental Funds -

General Fund

The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is financed through court costs and commissions as well as bond forfeitures earned by the Marshal. Resources of the fund are used to supplement the cost of operating the Marshal's office.

Special Revenue Funds

Drug Enforcement Fund -

The Drug Enforcement Fund is used to account for the Marshal's revenues which are legally restricted for use in drug enforcement and education. This fund is financed through a sixty percent (60%) allocation of monies seized in drug-related arrests.

Equitable Sharing Fund -

The Equitable Sharing Fund is used to account for the Marshal's revenues which are legally restricted for law enforcement expenditures. This fund is financed through a Federal Equitable Sharing Agreement with the United States Departments of Justice and the Treasury sharing forty percent (40%) of available amounts with participating local law enforcement agencies.

Fiduciary (Agency) Funds -

Garnishment Fund

The Garnishment Fund is used to account for assets held by the Marshal as agent. This fund is used for the collection of court-ordered garnishment judgments. The Marshal charges an administrative fee and remits all other funds to the respective creditors. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Marshal disburses all funds received during the month on the last day of each month and, therefore, at October 31, 2018 there is no balance in this fund.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Restitution Fund

The Restitution Fund is used to account for assets held by the Marshal as agent. This fund is used for the collection of court-ordered restitutions. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Marshal disburses all funds received during the month on the last day of each month and, therefore, at October 31, 2018 there is no balance in this fund.

Since by definition, fiduciary assets are held for the benefit of a third party and cannot be used to address activities or obligations for the Marshal, they are not incorporated into the government-wide statements. Since there is no book balance in the fiduciary funds as of October 31, 2018, the Marshal does not present a fiduciary funds statement of assets and liabilities.

C. Measurement Focus/Basis of Accounting

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

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The agency funds are prepared on the cash basis of accounting which approximates modified accrual basis of accounting.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or within 60 days after the year end. Expenditures are recognized when the related liability is incurred.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and interest-bearing deposits

Cash and interest-bearing deposits are stated at cost, which approximates market.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not received. Amounts due to the Marshal for courts costs, commissions, and bond forfeitures earned from providing services to the City Court of Lafayette, Louisiana are included in accounts receivable, which amounted to \$32,734 as of October 31, 2018.

Prepaid expenditures

Payments made for insurance and other expenditures that will benefit periods beyond the end of the fiscal year are recorded as prepaid expenditures.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Marshal as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer and office equipment	5
Radio equipment	10
Vehicles	5
Furniture and fixtures	10

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred inflows or outflows as of October 31, 2018.

Equity Classifications

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

- a. Net investment in capital assets - Consists of capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers or the Marshal's debt.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of “net investment in capital assets” or “restricted”.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the governmental fund financial statements, fund equity is classified as fund balances and are classified as follows:

- a. **Nonspendable** – Includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact. All amounts reported as nonspendable as of October 31, 2018, by the Marshal are nonspendable in form. The Marshal has not reported any amounts that are legally or contractually required to be maintained intact.
- b. **Restricted** – Includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provisions or enabling legislation.
- c. **Committed** – Includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to directives of the Marshal who has the highest level of decision making authority. Commitments may be modified or rescinded only through actions of the Marshal.
- d. **Assigned** – Includes amounts that the Marshal intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Marshal or his designee may assign amounts to this classification.
- e. **Unassigned** – Includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund.

Use of restricted resources

When an expenditure is incurred that can be paid using either restricted or unrestricted resources (fund balances), the Marshal considers to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Marshal considers to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

E. Revenues, Expenditures, and Expenses

Operating Revenues

Intergovernmental revenues and fees, charges and commissions for services are recorded when the Marshal is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Expenditures/Expenses

Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Marshal.

F. Budgets and Budgetary Accounting

The Marshal is required to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (“GAAP”) of the United States of America.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Marshal may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. As of October 31, 2018, the Marshal had cash and interest-bearing deposits (book balances) totaling \$86,607 attributable to governmental activities.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Marshal’s deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. As of October 31, 2018, bank balances in the amount of \$185,435 were as follows:

Bank balances	<u>\$ 185,435</u>
Federal deposit insurance	185,435
Pledged securities	-
Total	<u>\$ 185,435</u>

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Capital Assets

Capital asset activity for the year ended October 31, 2018 was as follows:

	<u>Balance</u> 11/1/2017	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 10/31/2018
Governmental activities:				
Capital assets being depreciated				
Equipment and vehicles	\$ 547,064	\$ 112,357	\$ -	\$ 659,421
Furniture and fixtures	<u>100,857</u>	<u>-</u>	<u>-</u>	<u>100,857</u>
Total capital assets being depreciated	<u>647,921</u>	<u>112,357</u>	<u>-</u>	<u>760,278</u>
Less: accumulated depreciation				
Equipment and vehicles	440,976	36,098	-	477,074
Furniture and fixtures	<u>83,793</u>	<u>4,540</u>	<u>-</u>	<u>88,333</u>
Total accumulated depreciation	<u>524,769</u>	<u>40,638</u>	<u>-</u>	<u>565,407</u>
Governmental activities, capital assets, net	<u>\$ 123,152</u>	<u>\$ 71,719</u>	<u>\$ -</u>	<u>\$ 194,871</u>

Depreciation expense in the amount of \$40,638 was charged to general government.

(4) Capital Lease

The following is a summary of capital lease transactions of the Marshal for the year ended October 31, 2018:

Capital lease, October 31, 2017	\$ 29,999
Additions	103,887
Reductions	<u>(19,853)</u>
Capital lease, October 31, 2018	<u>\$ 114,033</u>

The Marshal is obligated under the following lease agreements as of October 31, 2018:

Ally Financial \$23,500 lease-purchase agreement, maturing July 2020, 36 monthly payments of \$715, including interest at 6.34%, secured by a vehicle having a carrying value of \$17,625, which is included in the equipment and vehicles capital asset class.

BancorpSouth Equipment Finance \$103,887 lease-purchase agreement, maturing September 2022, 32 monthly payments of \$2,446, including interest at 6.14%, secured by vehicles having a carrying value of \$100,424, which is included in the equipment and vehicles capital asset class.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Scheduled maturities of the capital leases are as follows:

<u>Year Ending October 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2019	\$ 31,664	\$ 14,381	\$ 46,045
2020	31,524	4,770	36,294
2021	26,853	2,604	29,457
2023	<u>23,992</u>	<u>808</u>	<u>24,800</u>
Total	<u>\$ 114,033</u>	<u>\$ 22,563</u>	<u>\$ 136,596</u>

(5) Risk Management

The Marshal is exposed to risks of loss in the areas of professional liability, auto liability, general liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. LCG obtains and maintains insurance coverage for the Marshal and the Marshal is responsible for paying one-half of the cost. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(6) Litigation

As of October 31, 2018, the Marshal's office is not involved in any litigation.

(7) Expenditures of the Marshal's Office Paid by LCG

The Marshal's administrative office is located in a building owned by LCG. The cost of maintaining and operating this building, as required by statute, is paid by LCG. These expenditures are not included in the accompanying financial statements.

Payroll and benefits for the full-time employees of the Marshal's office are paid by LCG and are not reimbursed by the Marshal's office. There are no liabilities related to payroll, benefits and postemployment benefits attributable to the Marshal's office. Additionally, one-half of the Marshal's insurance expense is paid by LCG.

(8) On-behalf Payments for Fringe Benefits and Salaries

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires the Marshal to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana and by the parish governments to certain employees of the Marshal's office.

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Supplemental salary payments are made by the state and parish governments directly to the Marshal’s employees. The Marshal’s office is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the state and parish governments. On-behalf payments recorded as revenue and expenditures in the 2018 financial statements are as follows:

General Fund:	
State of Louisiana	\$ 128,051
Lafayette City-Parish Consolidated Government	<u>1,561,644</u>
Total on-behalf payments	<u>\$ 1,689,695</u>

(9) Employee Retirement Systems

Substantially all employees of the Marshal’s office participate in one of two retirement systems as follows:

Municipal Employees’ Retirement System (MERS) is a cost-sharing defined benefit plan which provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries. The employees participate in Plan A. The separately issued plan report may be accessed on their website at <http://www.mersla.com/>

Parochial Employees’ Retirement System (PERS) is a cost-sharing defined benefit plan which provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries. The employees participate in Plan A. The separately issued plan report may be accessed on the website at <http://www.persla.com/>

The Marshal’s share of the costs of each of these plans is paid by LCG, and therefore, the pension liabilities, deferred outflows of resources and deferred inflows of resources related to these plans are included in LCG’s financial statements.

(10) Changes in Agency Fund Balances

A summary of changes in agency fund balances as of October 31, 2018 is as follows:

	Garnishment Fund	Restitution Fund	Total
Balances, October 31, 2017	\$ -	\$ -	\$ -
Additions	1,244,855	58,969	1,303,824
Reductions	<u>(1,244,855)</u>	<u>(58,969)</u>	<u>(1,303,824)</u>
Balances, October 31, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARSHAL – CITY COURT OF LAFAYETTE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Restricted Fund Balance

As of October 31, 2018, fund balance of the Drug Enforcement Fund in the amount of \$3,126 was restricted for drug enforcement and education expenditures. As of October 31, 2018, fund balance of the Equitable Sharing Fund in the amount of \$417 was restricted for law enforcement expenditures.

(12) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Brian Pope, City Marshal, for the year ended October 31, 2018 follows:

Purpose	Amount
On-behalf payments:	
Lafayette Consolidated Government -	
Salary	\$ 79,544
Benefits - insurance and retirement	10,320
State of Louisiana -	
Supplemental pay	6,000
Garnishments	35,719
Transportation	723
Per diem	675
Registration fees	808
Conference travel	<u>7,508</u>
Total	<u>\$ 141,297</u>

The schedule of compensation, benefits, and other payments to C. Michael Hill, Interim City Marshal, for the year ended October 31, 2018 follows:

On-behalf payments:	
Lafayette Consolidated Government -	
Salary	\$ 2,875
Benefits - retirement	<u>273</u>
Total	<u>\$ 3,148</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 Year Ended October 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fees charges and commissions for services -				
Bond forfeitures	\$ 9,500	\$ 10,875	\$ 11,688	\$ 813
Fees and commissions	530,000	434,250	439,758	5,508
Intergovernmental -				
Federal grants	8,000	15,546	12,095	(3,451)
On-behalf payments	1,690,000	1,690,000	1,689,695	(305)
Miscellaneous	-	-	960	960
Total revenues	<u>2,237,500</u>	<u>2,150,671</u>	<u>2,154,196</u>	<u>3,525</u>
Expenditures:				
Current -				
General government	2,127,300	2,201,563	2,198,817	2,746
Capital outlay	25,000	110,714	112,357	(1,643)
Debt service	<u>18,675</u>	<u>20,812</u>	<u>21,782</u>	<u>(970)</u>
Total expenditures	<u>2,170,975</u>	<u>2,333,089</u>	<u>2,332,956</u>	<u>133</u>
Excess (deficiency) of revenues over expenditures	66,525	(182,418)	(178,760)	3,658
Other financing sources:				
Proceeds from capital lease	<u>25,000</u>	<u>103,887</u>	<u>103,887</u>	<u>-</u>
Net change in fund balance	91,525	(78,531)	(74,873)	3,658
Fund balance, beginning	<u>177,241</u>	<u>177,241</u>	<u>177,241</u>	<u>-</u>
Fund balance, ending	<u>\$ 268,766</u>	<u>\$ 98,710</u>	<u>\$ 102,368</u>	<u>\$ 3,658</u>

**OTHER SUPPLEMENTARY
INFORMATION**

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Comparative Statement of Net Position
For the Years Ended October 31, 2018 and 2017

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 86,607	\$ 148,440
Accounts receivable	32,734	45,995
Prepaid expenses	<u>43,370</u>	<u>36,141</u>
Total current assets	162,711	230,576
Noncurrent assets:		
Capital assets, net	<u>194,871</u>	<u>123,152</u>
Total assets	<u>357,582</u>	<u>353,728</u>
LIABILITIES		
Current liabilities:		
Accounts payable	56,800	49,792
Capital lease payable	<u>31,664</u>	<u>15,827</u>
Total current liabilities	88,464	65,619
Noncurrent liabilities:		
Capital lease payable	<u>82,369</u>	<u>14,172</u>
Total liabilities	<u>170,833</u>	<u>79,791</u>
NET POSITION		
Net investment in capital assets	80,838	93,153
Restricted	3,543	3,543
Unrestricted	<u>102,368</u>	<u>177,241</u>
Total net position	<u>\$ 186,749</u>	<u>\$ 273,937</u>

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Comparative Balance Sheet - General Fund
October 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and interest-bearing deposits	\$ 83,064	\$144,897
Receivables -		
Accounts	32,734	45,995
Prepaid expenses	<u>43,370</u>	<u>36,141</u>
 Total assets	 <u>\$ 159,168</u>	 <u>\$227,033</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	<u>\$ 56,800</u>	<u>\$ 49,792</u>
 Fund balance:		
Nonspendable (prepaid expenses)	43,370	36,141
Unassigned	<u>58,998</u>	<u>141,100</u>
 Total fund balance	 <u>102,368</u>	 <u>177,241</u>
 Total liabilities and fund balance	 <u>\$ 159,168</u>	 <u>\$227,033</u>

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Budgetary Comparison Schedule - General Fund

For the Year Ended October 31, 2018

With Comparative Actual Balances for the Year Ended October 31, 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Revenues:					
Fees, charges and commissions for services -					
Bond forfeitures	\$ 9,500	\$ 10,875	\$ 11,688	\$ 813	\$ 7,813
Fees and commissions	530,000	434,250	439,758	5,508	524,838
Intergovernmental -					
Federal grants	8,000	15,546	12,095	(3,451)	9,222
On-behalf payments	1,690,000	1,690,000	1,689,695	(305)	1,683,707
Miscellaneous	-	-	960	960	-
Total revenues	<u>2,237,500</u>	<u>2,150,671</u>	<u>2,154,196</u>	<u>3,525</u>	<u>2,225,580</u>
Expenditures:					
Current -					
General government	2,127,300	2,201,563	2,198,817	2,746	2,108,741
Capital outlay	25,000	110,714	112,357	(1,643)	62,785
Debt service	18,675	20,812	21,782	(970)	14,636
Total expenditures	<u>2,170,975</u>	<u>2,333,089</u>	<u>2,332,956</u>	<u>133</u>	<u>2,186,162</u>
Excess (deficiency) of revenues over expenditures	66,525	(182,418)	(178,760)	3,658	39,418
Other financing sources:					
Proceeds from capital lease	<u>25,000</u>	<u>103,887</u>	<u>103,887</u>	<u>-</u>	<u>23,500</u>
Net change in fund balance	91,525	(78,531)	(74,873)	3,658	62,918
Fund balance, beginning	<u>177,241</u>	<u>177,241</u>	<u>177,241</u>	<u>-</u>	<u>114,323</u>
Fund balance, ending	<u>\$ 268,766</u>	<u>\$ 98,710</u>	<u>\$ 102,368</u>	<u>\$ 3,658</u>	<u>\$ 177,241</u>

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Budgetary Comparison Schedule - Expenditures - General Fund
 For the Year Ended October 31, 2018
 With Comparative Actual Balances for the Year Ended October 31, 2017

	2018				2017 Actual
	Budget		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
Current:					
General government -					
Contract labor	\$ 70,000	\$ 115,119	\$ 110,058	\$ 5,061	\$ 70,746
On-behalf salaries and benefits	1,690,000	1,690,000	1,689,695	305	1,683,707
Accounting and professional - audit	25,000	21,440	21,425	15	16,985
Accounting and professional - other	-	3,100	3,005	95	9,355
Advertising	8,500	11,159	10,621	538	8,179
Badges	500	203	203	-	144
Belts and holsters	500	698	698	-	607
Bullet proof vests	10,000	1,434	1,434	-	5,656
CALEA	5,000	-	-	-	(745)
Clothing allowance	13,800	14,750	14,750	-	13,800
Computer expense	4,000	15,064	12,342	2,722	8,433
Dues and subscriptions	2,500	2,167	1,986	181	3,077
Equipment	10,000	5,304	4,862	442	9,954
Equipment maintenance	3,000	4,648	4,321	327	1,777
Insurance	55,000	56,036	57,346	(1,310)	54,399
K9 expenses	5,000	3,914	3,768	146	5,832
Legal	20,000	52,397	64,373	(11,976)	40,086
Medical	8,000	6,434	6,271	163	7,446
Office expense	28,750	28,071	26,813	1,258	26,912
Postage	13,500	2,817	3,131	(314)	9,258
Printing and binding	4,000	2,148	2,141	7	3,555
Prisoner transportation	1,250	850	850	-	1,180
Axon contract	43,000	26,605	25,460	1,145	28,092
Telephone	57,500	67,321	65,942	1,379	56,652
Travel and training	6,000	10,181	9,333	848	647
Transportation	30,000	37,945	37,016	929	33,339
Uniforms	5,000	4,010	4,704	(694)	5,378
Weapons and ammunition	7,500	17,748	16,269	1,479	4,290
Total general government	2,127,300	2,201,563	2,198,817	2,746	2,108,741
Capital outlay	25,000	110,714	112,357	(1,643)	62,785
Debt service	18,675	20,812	21,782	(970)	14,636
Total expenditures	<u>\$2,170,975</u>	<u>\$2,333,089</u>	<u>\$2,332,956</u>	<u>\$ 133</u>	<u>\$2,186,162</u>

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Balance Sheet - Nonmajor Governmental Funds
October 31, 2018

	<u>Drug Enforcement Fund</u>	<u>Equitable Sharing Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and interest-bearing deposits	<u>\$ 3,126</u>	<u>\$ 417</u>	<u>\$ 3,543</u>
FUND BALANCES			
Fund balances:			
Restricted	<u>\$ 3,126</u>	<u>\$ 417</u>	<u>\$ 3,543</u>

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Nonmajor Governmental Funds
 For the Year Ended October 31, 2018
 With Comparative Actual Balances for the Year Ended October 31, 2017

	2018			2017
	Drug Enforcement Fund	Equitable Sharing Fund	Total Nonmajor Governmental Funds	
Revenues:				
Fees, charges and commissions for services -				
Fees and commissions	\$ -	\$ -	\$ -	\$ 4,582
Expenditures:				
Current -				
General government	-	-	-	16,029
Net change in fund balances	-	-	-	(11,447)
Fund balances, beginning	3,126	417	3,543	21,744
Fund balances, ending	\$ 3,126	\$ 417	\$ 3,543	\$ 10,297

**INTERNAL CONTROL, COMPLIANCE,
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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To the Marshal
City Court of Lafayette, Louisiana
Lafayette, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marshal – City Court of Lafayette, Louisiana (Marshal) as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements and have issued our report thereon dated April 22, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 and 2018-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2018-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshal's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-004 through 2018-006.

Marshal's Response to Findings

The Marshal's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. 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, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.

Kolder, Slaven & Company, LLC
Certified Public Accountants

April 22, 2019
Lafayette, Louisiana

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Summary Schedule of Current and Prior Year
Audit Findings and Management's Corrective Action Plan
For the Year Ended October 31, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>CURRENT YEAR (10/31/18) --</u>						
<u>Internal Control:</u>						
2018-001	2007	The Marshal's office does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	N/A	The Marshal has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Marshal's office to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Michael Hill, Interim City Marshal	N/A
2018-002	2014	Due to the small number of employees, the Marshal did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Michael Hill, Interim City Marshal	N/A
2018-003	2015	In order to obtain efficient and effective controls over the purchasing process, the Marshal's office should establish a credit card policy which limits the use of credit cards. Credit cards should not be used for personal or routine purchases.	No	The Marshal is in the process of developing a credit card policy that will limit the use of credit cards.	Michael Hill, Interim City Marshal	10/31/2019
<u>Compliance:</u>						
2018-004	2018	The City Marshal Brian Pope received a six percent commission for garnishment collections established by La. R.S. 13:5807 in the form of direct compensation. Attorney General Opinion 18-0011 issued on January 29, 2018 specifically prohibits the Lafayette City Marshal from receiving these fees. The Marshal continued receiving these fees until he was suspended from office on October 3, 2018. From February 1, 2018 through October 1, 2018, garnishment administrative fees in the amount of \$29,130 were paid directly to the Marshal. The Marshal did not reimburse the Marshal's office for the \$29,130. Felony charges are pending relative to this matter.	No	The City Marshal Brian Pope was suspended on October 3, 2018. Since that date, the commission for garnishments is being deposited into a separate bank account for the Marshal's office pending the outcome of the litigation.	Michael Hill, Interim City Marshal	10/31/2019

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Summary Schedule of Current and Prior Year
Audit Findings and Management's Corrective Action Plan
For the Year Ended October 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (10/31/18) --</u>						
<u>Compliance:</u>						
2018-005	2018	The City Marshal Brian Pope received civil fees from the City Court of Lafayette established by La. R.S. 13:5807 as direct compensation. Attorney General Opinion 18-0011 issued on January 29, 2018 specifically prohibits the Lafayette Marshal from receiving these fees. As of February 1, 2018, the Marshal was notified that the civil fees would be made payable to the Lafayette City Marshal. From February 1, 2018 through October 1, 2018, civil fees in the amount of \$66,733 were paid to the Marshal by the Lafayette City Court. However, none of these fees were deposited into the Marshal's office account. Felony charges are pending relative to this matter.	No	The City Marshal Brian Pope was suspended on October 3, 2018. Since that date, the civil fees paid from Lafayette City Court are being deposited into a separate bank account for the Marshal's office pending the outcome of the litigation.	Michael Hill, Interim City Marshal	10/31/2019
2018-006	2018	The City Marshal Brian Pope (suspended on October 3, 2018) paid for lodging and registration to attend two conferences with the Marshal's office credit card between March 2018 and June 2018. The lodging charged to the office credit card was for condos that included numerous bedrooms and were more expensive than the conference hotel. Additionally, one of the condos was rented for additional days outside of the conference dates. The Marshal then requested reimbursement from Lafayette Consolidated Government for the business portion of the lodging (days of actual conference and amount that would have been incurred if the conference hotel had been booked) and the registration fee for one of the conferences. The Marshal did not reimburse the Marshal's office for the \$3,248 he was reimbursed. The Louisiana Legislative Auditor and the District Attorney have been notified. Felony charges are pending relative to this matter. Also, the Marshal did not reimburse the Marshal's office for the \$4,053 paid for the personal portion of the lodging. On April 3, 2019, Brian Pope reimbursed the Marshal's office \$7,301.	No	The Marshal will ensure that personal expenses are not paid by the Marshal's office. Additionally, the Marshal will meet with Lafayette Consolidated Government staff to implement a policy to ensure that expenses paid by the Marshal's office will be reimbursed to the office and not to individual employees.	Michael Hill, Interim City Marshal	10/31/2019

MARSHAL - CITY COURT OF LAFAYETTE, LOUISIANA

Summary Schedule of Current and Prior Year
Audit Findings and Management's Corrective Action Plan
For the Year Ended October 31, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (10/31/17) --</u>						
<u>Internal Control:</u>						
2017-001	2007	The Marshal's office does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including related notes.	N/A	The Marshal has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that it is in the best interests of the Marshal's office to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Brian Pope, City Marshal	N/A
2017-002	2014	Due to the small number of employees, the Marshal did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Brian Pope, City Marshal	N/A
<u>Management Letter:</u>						
2017-003	2015	The Marshal receives certain fees established by La. R.S. 13:5807 in the form of direct compensation. AG Opinion 18-0011 issued on January 29, 2018 specifically prohibits the Lafayette Marshal from receiving these fees as direct compensation. We recommend the Marshal cease this practice and seek legal advice concerning compensation taken prior to the January 29, 2018 AG Opinion.	No	The Marshal's legal counsel is in the process of reviewing this matter in order to determine the appropriate resolution.	Brian Pope, City Marshal	10/31/2018
2017-004	2016	The Marshal's office paid legal fees associated with his defense of a criminal contempt of court suit. The District Attorney has filed criminal charges against the Marshal for the payment of these fees with public funds. Based upon the opinion of the Marshal's legal counsel, the expenditures are allowable. Therefore, it is unclear whether these are valid public expenditures, which will be determined when the case is settled.	Yes	The Marshal's legal counsel believes these charges were allowed to be paid from public funds. The case is pending as of October 31, 2018.	Brian Pope, City Marshal	10/31/2018

**MARSHAL- CITY COURT
OF LAFAYETTE, LOUISIANA**
Lafayette, Louisiana

Agreed-Upon Procedures Report

Year Ended October 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Marshal
City of Lafayette, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Marshal, City Court of Lafayette, Louisiana (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 November 1, 2017 through October 31, 2018. Management of the Marshal 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. We obtained and inspected the Marshal's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the Marshal's operations):
 - 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. 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) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the 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.

Board or Finance Committee

(The Marshal does not have a Board or Finance Committee, and therefore, this procedure is not applicable.)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) Obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the Marshal's main operating account. We selected the Marshal's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included 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.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed 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.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected 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 select and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
 - a) We observed that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We observed 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) We traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 we observed 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.
10. For each location selected under #8 above, we obtained the Marshal's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and we obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, we obtained supporting documentation for each transaction and:
 - a) We observed that the disbursement matched the related original invoice/billing statement.
 - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

14. We obtained 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. We randomly selected 5 reimbursements, obtained 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, we agreed 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, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* We obtained management's representation that the listing is complete. We randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
 - d) We randomly selected one payment from the fiscal period for each of the 5 contracts, we obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

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

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period was reflected in the Marshal's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums had been paid, and associated forms had been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Marshal's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Marshal reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Marshal is domiciled.

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

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

1. The Marshal does not have any written policies and procedures.

Management's response: The Marshal will write policies and procedures.

Bank Reconciliations

2. For one of the five bank reconciliations tested, there was no written evidence that the reconciliation was prepared within two months of the statement closing date.

Management's response: Due to the fact that this was a new required procedure, the Marshal was not aware that the reconciliations needed to be performed within two months of the statement closing date. The Marshal will implement a policy to ensure bank reconciliations are being prepared within two months of the statement closing date.

3. All five bank reconciliations tested did not have evidence of management's review.

Management's response: A member of management who does not handle cash, post ledgers, or issue checks will review each bank reconciliation.

4. For three of the five bank reconciliations tested, there was no documentation that management researched reconciling items that have been outstanding for more than twelve months from the statement closing date.

Management's response: The Marshal will implement a policy requiring management to research reconciling items that have been outstanding for more than twelve months from the statement closing date.

Cash Collections

5. Five of the six deposits tested had deposits that were not made timely (within one business day or one week if deposit is less than \$100).

Management's response: Apparently, the office was incorrect in our understanding of monetary limit which required daily versus weekly deposits. We now understand the requirements and have begun complying.

Non - Payroll Disbursements

6. The employee responsible for processing payments is not prohibited from adding vendors to the disbursement system and no other employee is responsible for periodically reviewing changes to the vendor files.

Management's response: Management will ensure that the employee responsible for processing payments is prohibited from adding vendors to the disbursement system or that another employee will be responsible for periodically reviewing changes to the vendor files.

Travel and Travel-Related Expense Reimbursements

7. For two of the five travel expense reimbursements tested, the Marshal used the Marshal's office credit card to pay for conferences and related lodging, some of which did not have a business purpose. Additionally, the business portion of the charges were reimbursed to the Marshal personally by the Lafayette Consolidated Government. The Marshal did not remit that reimbursement to the Marshal's office timely.

Management's response: The former Marshal reimbursed the Marshal's office for these costs on April 3, 2019. Management will implement a policy ensuring all travel reimbursements are supported by documentation of the business/public purpose.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Marshal, City Court of Lafayette, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 22, 2019