

CHARLIE CALDWELL, JR. CITY MARSHAL

SHREVEPORT, LOUISIANA

FINANCIAL STATEMENTS

December 25, 2018

**Marsha O. Millican
A Professional Accounting Corporation
Shreveport, Louisiana**

CHARLIE CALDWELL, JR. SHREVEPORT MARSHAL

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CHARLIE CALDWELL, JR. SHREVEPORT MARSHAL

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Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

Charlie Caldwell, Jr. City Marshal
City of Shreveport City Court
Shreveport, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Charlie Caldwell, Jr. City Marshal, a component unit of the City of Shreveport, as of and for the year ended December 25, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charlie Caldwell, Jr. City Marshal as of December 25, 2018, and the changes in financial position 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, budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer pension contributions be presented to supplement the basic financial statements. Such information is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

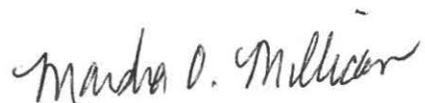
Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budgetary comparison schedule on page 24 and schedule of compensation, reimbursements, benefits, and other payments to agency head on page 28 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my reported dated June 28, 2019 on my consideration of Charlie Caldwell, Jr. City Marshal's internal control over functional reporting and on my 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 my 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 Charlie Caldwell, Jr. City Marshal's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Manda O. Millican".

Certified Public Accountant
June 28, 2019

**CHARLIE CALDWELL, JR., CITY MARSHAL
1244 TEXAS AVENUE
SHREVEPORT, LOUISIANA**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of Management's Discussion and Analysis (MD&A) is to provide an overview of the financial activities of the Marshal's office based on currently known facts, decisions or conditions.

The basic financial statements include government-wide and government fund statements. The government-wide Statement of Net Position and Statement of Activities present information for all the activities of the Marshal's office from an economic resources measurement focus using the accrual basis of accounting. Primarily for our office the difference between these statements and Governmental Funds statements is that assets are capitalized and depreciated over their estimated useful lives versus expensed in the Governmental Funds statements. The Shreveport City Marshal is an independently elected official. However, his office is fiscally dependent on the City of Shreveport for occupancy costs, salaries and related benefits. Subsequently, this office was determined to be a component unit of the City of Shreveport.

The Marshal's office at December 25, 2018, had \$878,409 in cash on hand and net capital assets of \$932,961.

	<u>2018</u>	<u>2017</u>
Current assets	\$ 878,409	\$ 1,461,395
Capital assets	932,961	694,027
Total assets	<u>1,811,370</u>	<u>2,155,422</u>
Deferred outflows of resources	<u>656,033</u>	<u>17,627</u>
Current liabilities	14,976	33,671
Long term liabilities	8,130,330	5,555,922
Total liabilities	<u>8,145,306</u>	<u>5,589,593</u>
Deferred inflows of resources		
Net position		
Invested in capital assets	932,961	694,027
Unrestricted (Deficit)	<u>(6,982,211)</u>	<u>(4,289,969)</u>
Total net position	<u>\$ (6,049,250)</u>	<u>\$ (3,375,782)</u>

The charge for services from fines and bond forfeitures were \$783,371 a decrease of \$142,84 from the prior year. These charges are directly related to the number of citations issued by the Shreveport Police Department. Total expenses excluding depreciation were \$5,168,60, an increase of \$2,662,476. Net position decreased by \$2,453,308.

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues		
Charges for Services	\$ 783,371	\$ 926,211
Support from City of Shreveport	2,097,697	2,008,374
General Revenues		
Interest	1,860	2,623
Total Revenues	<u>2,882,928</u>	<u>2,937,208</u>
Expenses		
Personal Services	4,252,898	2,071,047
Other Operating	1,083,338	602,713
Total Expenses	<u>5,336,236</u>	<u>2,673,760</u>
Excess (Deficiency) of Revenues		
Over Expenses	<u>\$ (2,453,308)</u>	<u>\$ 263,448</u>

Over the course of the year, the general fund budget was not amended. Actual revenues were \$66,119 less than budgeted. Actual expenses were \$280,978 less than budgeted amounts.

This financial report is designed to provide citizens and taxpayers with a general overview of the finances for those funds maintained by the City Marshal and to show accountability for those funds. If you have any questions about this report, contact the Chief Deputy of the Shreveport City Marshal in the Shreveport City Court Building.

1244 Texas Street, Shreveport, Louisiana 71101
(318)673-6800

CHARLIE CALDWELL, JR. CITY MARSHAL

Statement of Net Position

December 25, 2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 878,409
Capital assets - net of accumulated depreciation	<u>932,961</u>
Total Assets	<u>1,811,370</u>
Deferred Outflow of Resources	<u>656,033</u>
Liabilities	
Accounts payable	14,976
Long term liabilities	
Net pension liability	<u>8,130,330</u>
Total Liabilities	<u>8,145,306</u>
Deferred Inflows of Resources	<u>371,347</u>
Net Position	
Invested in capital assets, net of related debt	932,961
Unrestricted (Deficit)	<u>(6,982,211)</u>
Net Position	<u><u>\$ (6,049,250)</u></u>

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

CHARLIE CALDWELL, JR CITY MARSHAL
Statement of Activities
For the Year Ended December 25, 2018

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Operating Contributions</u>	<u>Total</u>
Governmental Activities:				
General Government	\$ 5,336,233	\$ 783,371	\$ 2,097,694	\$ (2,455,168)
Total Governmental Activities	\$ 5,336,233	\$ 783,371	\$ 2,097,694	(2,455,168)
 General Revenues:				
Interest Income				1,860
Total General Revenues				1,860
Change in Net Position				(2,453,308)
Net Position, beginning of year, restated				(3,595,942)
Net Position, end of year, deficit				\$ (6,049,250)

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

CHARLIE CALDWELL, JR. CITY MARSHAL

Balance Sheet
Governmental Fund
December 25, 2018

ASSETS	
Cash	<u>\$ 878,409</u>
Total assets	<u><u>\$ 878,409</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accruals	<u>\$ 14,976</u>
Total liabilities	<u>14,976</u>
Fund balances	
Unassigned	<u>863,433</u>
Total fund balance	<u><u>863,433</u></u>
Total liabilities and fund balance	<u><u>\$ 878,409</u></u>

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

CHARLIE CALDWELL, JR. CITY MARSHAL
 Reconciliation of Fund Balances on the Balance Sheet
 for Governmental Funds to Net Position of
 Governmental Activities on the Statement of Net Position
 Year Ended December 25, 2018

Fund Balances - Total Governmental Funds	863,433
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	932,961
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Certain liabilities, such as net pension liability, are not due and payable in the current period and therefore are not reported in the funds.

Deduct net pension liability	(8,130,330)
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Deferred outflows of resources related to net pension liability are not available resources and, therefore, are not reported in the funds.	656,033
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Deferred inflows of resources related to net pension liability are not payable from current expendable resources, and , therefore, are not reported in the funds.	(371,347)
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Net Position of Governmental Activities	\$ (6,049,250)
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The notes to the financial statements are an integral part of this statement.

CHARLIE CALWELL, JR. CITY MARSHAL
Statement of Governmental Funds Revenues, Expenditures, and
Changes in Fund Balance
Year Ended December 25, 2018

Program revenues:	
Marshal charge for services from fines and bond forfeitures	\$ 783,371
Payments from the City of Shreveport	2,097,694
Interest earned	<u>1,860</u>
Total revenues	<u>2,882,925</u>
Expenditures/expenses:	
General government	
Communication	54,985
Dare program expenses	7,067
Dues	2,250
Fuel	91,315
Office expense	273,404
Personal services	2,124,950
Postage	17,219
Professional fees	23,598
Repairs and maintenance	125,628
Security alarm system	114,898
Training	35,509
Travel	145,455
Uniforms	24,368
Capital outlay	<u>406,570</u>
Total expenditures/expenses	<u>3,447,216</u>
Changes in fund balance	(564,291)
Fund balance, beginning of year	<u>1,427,724</u>
Fund balance, end of year	<u><u>\$ 863,433</u></u>

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

CHARLIE CALDWELL JR. CITY MARSHAL

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended December 25, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ (564,291)
Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$406,570) exceeds depreciation (\$167,636)	238,934
Other transactions involving fixed assets	-
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	<u>(2,127,951)</u>
Change in Net Position of Governmental Activities	<u>\$ (2,453,308)</u>

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

CHARLIE CALDWELL, JR. CITY MARSHAL

Statement of Fiduciary Net Position
December 25, 2018

	Agency Funds		
	<u>Cash Bonds</u>	<u>Garnishments</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	<u>\$ 312,682</u>	<u>\$ -</u>	<u>\$ 312,682</u>
Total assets	<u><u>\$ 312,682</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 312,682</u></u>
<u>LIABILITIES</u>			
Due to defendants - surety	<u>\$ 312,682</u>		<u>\$ 312,682</u>
Due to plaintiffs	<u> </u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>\$ 312,682</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 312,682</u></u>

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

CHARLIE CALDWELL, JR., CITY MARSHAL

Notes to the Financial Statements
Year Ended December 25, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the City Marshal's office conform to generally accepted accounting principles (GAAP) as applicable to governments. Encumbrance accounting is not used by the City Marshal. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:514 and to the guide set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State and Local Governmental Units*.

Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the City Marshal's office includes all funds that are within the oversight responsibility of the City Marshal's office. The City Marshal's office is a component unit of the City of Shreveport, Louisiana. The City Marshal is the executive officer of the court and, in execution of his duties; he shall have the power of a Sheriff. This report includes all funds and account groups which are controlled by or dependent on the City Marshall's office. Control by or dependence on the City Marshal's office was determined on the basis of authority of general oversight responsibility. The scope of this audit includes only these funds and does not include operational costs paid directly by the City of Shreveport on behalf of the City Marshal.

Government-Wide Accounting

In accordance with Government Accounting Standards No. 34, the City Marshal has presented a Statement of Net Position and Statement of Activities. These statements are included in the primary governments financial statements of the City of Shreveport. The City Marshal has no component units. Fiduciary funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the Statement of Net Position and Statement of Activities are as follows:

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB statements and interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. The Marshal's office does not own any infrastructure assets.

Fund Accounting

The City Marshal's office uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the City Marshal's office are all classified as Governmental Funds. A description of classification and all existing funds follow:

Governmental Funds

Governmental funds account for all or most of the City Marshal's office's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations.

General Fund

A Special Marshal's Fund is the fund provided to the City Marshal under Louisiana Statutes Annotated - Revised Statute 13:1899 the name of and under the control of the Marshal to be used to defray the operational expenses of the Marshal's office. The fund is to be used to account for all financial resources provided it as established by the above authority.

Fiduciary Fund

Agency funds are used to account for assets held by the Marshal's office in a trustee capacity or as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The Statement of Net Position and Statement of Activities are reported using economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the governmental-type activities are included in the Statement of Net Position. Revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in the fund.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With the measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expense, and such assets are not depreciated.

Budgets and Budgetary Accounting

The City Marshal follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary data for the general fund was prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliation

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.

In the event that the City Marshal was to have encumbrances or commitments relating to executory contracts for goods or services, they would be accounted for and reported consistently.

Cash

The Marshal's office classifies demand and time deposits as cash. Under state law, the Marshal may deposit funds in demand deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The collected bank balances of the deposits under control of the Marshal's office with financial institutions was \$1,687,854 and is collateralized as follows:

Amount insured by FDIC	\$ 571,936
Amount collateralized with securities, held by pledging financial institution's trust department at fair market value (<i>Risk Category 3</i>)	<u>1,115,918</u>
Total collateral	<u><u>\$ 1,687,854</u></u>

Budget Practice

The budget was prepared in accordance with generally accepted accounting principles as applicable to governments. The budget is legally adopted and amended, as necessary, by the Marshal. The budget for this fiscal year was not amended. The Marshal does not budget amounts paid on its behalf as revenue or expense.

Formal budget integration is not employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

The Marshal's capital assets are recorded at historical cost. Assets whose value is less than \$500 are charged to expense and not capitalized. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	30 years	Vehicles	3 years
Communication	5-15 years	Computers	5 years
Other Equipment	15 years	Weapons	5 years

Compensated Absences

The City Marshal's office payroll is funded directly by the City of Shreveport. All policies and accruals relating to vacation and sick leave are within their control and are not reported herein.

Net Position/Fund Balances

In the Statement of Net Position, the difference between a government's assets and liabilities is recorded as net position. The three components of net position are as follows:

Invested in capital assets, net of related debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of capital assets.

Restricted net position

Net position that is restricted by external sources such as banks or by law are reported separately as restricted net position. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted net position

This category represents net position not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Nonspendable

Includes amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

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.

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.

Unassigned

This category is the residual fund balance for the General Fund that has not been restricted, committed, or assigned to specific purposes within the General Fund.

2. CAPITAL ASSETS

Capital assets for the year ended December 25, 2018, are as follows:

<u>Cost</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Buildings	\$ 63,143	\$ 329,734	\$ -	\$ 392,877
Vehicles	1,397,227	58,063	-	1,455,290
Communications	157,350	18,773	-	176,123
Computers	73,692	-	-	73,692
Other Equipment	366,293	-	-	366,293
Weapons	48,047	-	-	48,047
Total	\$ 2,105,752	\$ 406,570	\$ -	\$ 2,512,322
<u>Accumulated Depreciation</u>				
Buildings	26,969	5,331	-	32,300
Vehicles	814,196	130,123	-	944,319
Communications	144,307	9,107	-	153,414
Computers	60,945	8,110	-	69,055
Other Equipment	328,532	12,314	-	340,846
Weapons	36,776	2,651	-	39,427
Total	1,411,725	167,636	-	1,579,361
Net Capital Assets	\$ 694,027	\$ 238,934	\$ -	\$ 932,961

3. **EXPENDITURES OF THE CITY MARSHAL PAID BY THE CITY OF SHREVEPORT**

The City of Shreveport provides office space, insurance, and substantially all salary and related benefit costs. Personell and other costs of \$2,097,694 are included as revenue and expenditure/expense in the financial statements.

4. **PENSION PLAN**

Employees' Retirement System (ERS)

All full-time employees and some part-time employees of Shreveport City Marshal are members of a cost-sharing multiple-employer defined benefit plan, which is administered by the City of Shreveport (the "City"). Enrollment is mandatory for full-time permanent employees. The City issues a publicly available financial report that includes financial statements and required supplementary information of the City Plan. That report may be obtained by writing to City of Shreveport, P. O. Box 31109, Shreveport, LA 71130.

Disclosures relating to this plan are as follows:

Plan Description - The ERS is a cost-sharing multiple-employer defined benefit pension plan that covers all full-time classified employees of the City, other than policemen and firemen, and is administered by the City.

Non-City employees employed by the following organizations may become members in the system: Shreve Memorial Library, Caddo-Shreveport Sales and Use Tax Commission and other non-City employees recommended by the Board of Trustees and approved by the City Council. Appointed officials of the City and the Mayor have the option to join by filing an application within 90 days after taking office. However, by joining the retirement system, they may not participate in the deferred compensation program for appointed employees.

Eligibility Requirements - Prior to October 1, 1999, to be eligible for regular retirement benefits, members must have 30 years of service regardless of age or be age 65 with 10 years of service, and if hired before January 1, 1979, be 55 years of age with 20 years of service. If hired on or after January 1, 1979, members must be 55 years of age with 25 years of service or age 60 with 20 years of service. As of October 1, 1999, eligibility for regular retirement extends to any member who has 20 years of service at age 55. The difference, before and after a hire of

January 1, 1979, was eliminated. Members vest in the system after 15 years of creditable service. Benefit provisions are established and may be amended by City ordinance #2 of 1954, #163 of 1990 and #112 of 1991.

Retirement Benefits - Prior benefits available to members hired before January 1, 1996, consist of an annuity, which is the actuarial equivalent of the employee's accumulated contributions; plus an annual pension, which together with the annuity, provides a total retirement allowance equal to 3% of average compensation times years of creditable service. Beginning January 1, 1996, the retirement allowance increased to 31/3% of average compensation times years of creditable service for 1996 and future years of service. Effective January 1, 2015, the retirement allowance was reduced to 2.75% of average compensation times years of creditable service for 2015 and future years. An early retirement provision has been implemented for any member who has at least 10 years, prior to January 1, 2015, of service and is within 10 years of a member's normal retirement age. The benefit is reduced by 3% per year for each year within five years of the normal retirement date, by 5% for the next earlier year, and by 8% for each additional earlier year. The plan allows members who have met eligibility requirements to defer receipt of benefits for a period of two years with one percent interest.

Funding Policy - Prior to January 1, 2007, plan members were required by City ordinance to contribute 7% of compensation to the Plan. The City or other employers were required by the same ordinance to contribute 11.15% of compensation. Contribution amounts from plan members, the City and other employers may be amended by City ordinance. Effective January 1, 2007, the employees' contributions to the plan were increased to 9% from 7% and the employers' contributions were increased to 13.15% from 11.15%. Effective January 1, 2016, the employees' contribution to the plan was increased from 10% to 11% and the employer contribution increased from 16.5% to 20.00%. Contributions are made from the fund that the employee is paid from or from the organizations noted above. The contribution rate is currently 22.00% of annual covered payroll.

In February 2004, an ordinance was passed which changed the method of computation for cost-of-living increases. The new computation states that effective January 1 of each year, there will be a cost-of-living increase based on the Consumer Price Index (CPI) if certain conditions exist: 1) the CPI has increased a minimum of one percent, 2) the funded percentage for the retirement system for the prior year is not under 90 percent, 3) the retirement systems overall rate of return on investments for the prior year was equal to or exceeded the actuarial interest rate for funding. The maximum increase is limited to five percent.

Management of the ERS is vested in the board, which consist of seven members - two elected employees who are members of the plan, one elected retiree and one retiree alternate, the Mayor, the City's Chief Administrative Officer, the City's Finance Director and one City Council Member.

For the year ended December 31, 2018, the annual money-weighted rate of returns on pension plan investments, net of pension plan investment expense, was -3,76%. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At December 31, 2018, Shreveport City Marshal reported a liability of \$8,130,330 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2018, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Marshal's proportion of the Net Pension Liability was based on a projection of the Marshal's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the Marshal's proportion was 3.36%, versus 2.56 % in 2017.

At December 31, 2018, the Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 70,980
Investment earnings	632,134	-
Changes in proportion	23,899	300,367
Changes of assumptions	-	-
Total	<u>\$ 656,033</u>	<u>\$ 371,347</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2019	\$ 104,610
2020	7,025
2021	36,732
2022	136,320

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 is as follows:

Valuation Date	January 1, 2019																								
Measurement Date	December 31, 2018																								
Actuarial Cost Method	Entry Age Normal																								
Funding Policy (% of Payroll)	<table border="1"> <thead> <tr> <th>Effective Date</th> <th>Employer</th> <th>Employee</th> </tr> </thead> <tbody> <tr> <td>January 1, 2015</td> <td>16.50%</td> <td>10.00%</td> </tr> <tr> <td>January 1, 2016</td> <td>20.00%</td> <td>11.00%</td> </tr> <tr> <td>January 1, 2017</td> <td>25.00%</td> <td>12.00%</td> </tr> <tr> <td>January 1, 2018</td> <td>24.00%</td> <td>12.00%</td> </tr> <tr> <td>January 1, 2019</td> <td>26.00%</td> <td>12.00%</td> </tr> <tr> <td>January 1, 2020</td> <td>28.00%</td> <td>12.00%</td> </tr> <tr> <td>January 1, 2021</td> <td>30.00%</td> <td>12.00%</td> </tr> </tbody> </table>	Effective Date	Employer	Employee	January 1, 2015	16.50%	10.00%	January 1, 2016	20.00%	11.00%	January 1, 2017	25.00%	12.00%	January 1, 2018	24.00%	12.00%	January 1, 2019	26.00%	12.00%	January 1, 2020	28.00%	12.00%	January 1, 2021	30.00%	12.00%
Effective Date	Employer	Employee																							
January 1, 2015	16.50%	10.00%																							
January 1, 2016	20.00%	11.00%																							
January 1, 2017	25.00%	12.00%																							
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January 1, 2019	26.00%	12.00%																							
January 1, 2020	28.00%	12.00%																							
January 1, 2021	30.00%	12.00%																							
Investment Rate of Return	7.0%																								
Projected Salary Increases	<table border="1"> <thead> <tr> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>25</td> <td>5.77%</td> </tr> <tr> <td>30</td> <td>4.17%</td> </tr> <tr> <td>35</td> <td>3.23%</td> </tr> <tr> <td>40</td> <td>2.83%</td> </tr> <tr> <td>45</td> <td>2.19%</td> </tr> <tr> <td>50</td> <td>1.62%</td> </tr> <tr> <td>55</td> <td>1.40%</td> </tr> </tbody> </table>	Age	Rate	25	5.77%	30	4.17%	35	3.23%	40	2.83%	45	2.19%	50	1.62%	55	1.40%								
Age	Rate																								
25	5.77%																								
30	4.17%																								
35	3.23%																								
40	2.83%																								
45	2.19%																								
50	1.62%																								
55	1.40%																								
Cost of Living Adjustments	None																								
Mortality Rates	Non-annuitants: RP-2000 "Employees" table projected to 2031 using Scale AA Annuitants: RP-2000 "Healthy Annuitants" projected to 2023 Scale AA																								

Discount Rate - The discount rate used to measure the total pension liability was 7% for 2018. The projection of cash flows used to determine the discount rate assumed that contributions from employees and employers will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The target allocation is a mix of 60% and 40% fixed as reflected in the following table:

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Cash	BAML 3-MonTbill	0.00%	0.29%	0.29%
Core Fixed Income	Barclays Aggregate	40.00%	1.92%	1.82%
Core Bonds	Barclays Gov/Cred	0.00%	1.80%	1.68%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	0.00%	1.40%	1.36%
Immediate-Term Bonds	Barclays Intermediate Gov/Cred	0.00%	1.65%	1.57%
Long-Term Bonds	Barclays Long Gov/Cred	0.00%	2.30%	1.92%
Mortgages	Barclays Mortgage	0.00%	2.10%	2.02%
High Yield Bonds	Barclays High Yield	0.00%	3.87%	3.41%
Non-US Fixed Income	JPM GBI Global ex-US	0.00%	-0.16%	-0.57%
Inflation-Indexed Bonds	ML Index	0.00%	1.16%	1.06%
Broad US Equities	Wilshire 5000/Russell 3000	60.00%	4.96%	3.81%
Large Cap US Equities	S&P 500	0.00%	4.69%	3.62%
Mid Cap US Equities	Russell Mid Caps	0.00%	5.15%	3.76%
Small Cap US Equities	Russell 2000	0.00%	5.86%	4.11%
Developed Foreign Equities	MSCI EAFE	0.00%	6.08%	4.59%
Emerging Market Equities	MSCI Emerging Markets	0.00%	8.10%	5.33%
Private Equity	Cambridge Associates	0.00%	9.32%	5.57%
Hedge Funds/Absolute Return	HFRI Fund of Funds	0.00%	1.90%	1.66%
Real Estate (Property)	NCREIF/TBI Property	0.00%	3.83%	3.13%
Real Estate (REITS)	FTSE NAREIT Equity REIT	0.00%	5.37%	3.76%
Commodities	DJ UBS	0.00%	2.98%	1.42%
Long Credit Bonds	Barclays Long Credit	0.00%	3.11%	2.78%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation -Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			3.74%	3.29%
Portfolio Nominal Mean Return			6.06%	5.67%
Portfolio Standard Deviation				9.33%
Long-Term Expected Rate of Return (per City of Shreveport)				7.00%

The following presents the net pension liability calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7%)	1% Increase (8.00%)
Net pension liability	\$ 9,569,372	\$ 8,130,330	\$ 6,911,523

5. **RISK OF LOSS**

The Marshal's office risks of loss include loss of property and liabilities created from its operations. The Marshal participates in the City of Shreveport risk pool for liability and property claims arising from accidents. The Marshal maintains the risk associated with loss of property and replaces any such property from unrestricted net assets. The Marshal also retains the risk of the actions taken by him or his deputies. Losses are paid from the Marshal's unrestricted net position.

6. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 28, 2019, the date the financial statements were available to be issued, and determined no additional disclosures are necessary.

CHARLIE CALDWELL, JR. CITY MARSHAL

Budgetary Comparison Schedule

General Fund

Year Ended December 25, 2018

	<u>Original</u>	<u>Amended</u>	<u>Budgetary Basis Actual</u>	<u>Variance With Final Budget Pos./ (Neg.)</u>
Revenues:				
Marshal charge for services from fines and bond forfeitures	\$ 940,000	\$ 850,000	\$ 783,371	\$ (66,629)
Investment earnings	3,000	1,350	1,860	510
Total revenues	<u>943,000</u>	<u>851,350</u>	<u>785,231</u>	<u>(66,119)</u>
Expenditures/expenses:				
Court services:				
Claims	51,600	11,600	-	11,600
Communication	100,000	75,000	54,985	20,015
Dare program expenses	11,000	11,000	7,067	3,933
Dues	5,000	5,000	2,250	2,750
Fuel	120,000	102,000	91,315	10,685
Office expense	123,000	135,000	273,404	(138,404)
Personal services	604,000	425,000	39,204	385,796
Postage	50,000	30,000	17,219	12,781
Professional fees	25,000	22,000	11,650	10,350
Repairs and maintenance	130,000	147,000	125,628	21,372
Security alarm	12,000	12,000	114,898	(102,898)
Training	50,000	26,000	35,509	(9,509)
Uniforms	25,000	30,000	24,368	5,632
Travel	75,000	160,000	145,455	14,545
Capital outlay	248,900	438,900	406,570	32,330
Total expenditures	<u>1,630,500</u>	<u>1,630,500</u>	<u>1,349,522</u>	<u>280,978</u>
Excess (deficiency) of revenues over expenditures	(687,500)	(779,150)	(564,291)	214,859
Beginning fund balance	<u>1,427,724</u>	<u>1,427,724</u>	<u>1,427,724</u>	<u>-</u>
Ending fund balance	<u>\$ 740,224</u>	<u>\$ 648,574</u>	<u>\$ 863,433</u>	<u>\$ 214,859</u>

CHARLIE CALDWELL, JR. CITY MARSHAL
Notes to the Budgetary Comparison Schedule
Year ended December 25, 2018

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GA. Revenue and Expenditures

Source/Inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 785,231

Differences-budget to GAAP

City of Shreveport on-behalf payments 2,097,694

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds 2,882,925

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule 1,349,522

Differences-budget to GAAP

City of Shreveport on-behalf payments 2,097,694

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds \$3,447,216

CHARLIE CALDWELL, JR. CITY MARSHAL
Schedule of Employer's Share of Net Pension Liability
Year Ended December 25, 2018

Year Ended Dec 31	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	2.68	\$ 5,813,423	\$ 1,196,501	485.87%	45.84%
2016	2.75	6,027,816	1,239,100	486.50%	45.99%
2017	2.65	5,556,922	1,239,285	448.40%	47.49%
2018	3.36	8,130,330	1,716,816	473.57%	56.20%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CHARLIE CALDWELL, JR. CITY MARSHAL

Schedule of Employer Contributions
Year Ended December 25, 2018

<u>Year Ended December 31</u>	<u>Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 197,423	\$ -	\$ 1,196,501	16.5000%
2016	247,838	-	1,239,190	20.0000%
2017	247,857	-	1,239,285	20.0000%
2018	343,363	-	1,716,816	20.0000%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CHARLIE CALDWELL, JR CITY MARSHAL
Schedule of Compensation, Reimbursements, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2018

Agency Head: Charlie Caldwell, Jr., City Marshal

Salary	<u>\$ 110,000</u>
Payroll Taxes	<u>\$ 1,655</u>
Insurance	<u>\$ 38,684</u>
Retirement	<u>\$ 11,813</u>
Per Diem	<u>\$ 12,862</u>
Registration Fees	<u>\$ 11,025</u>
Dues/Membership Fees	<u>\$ 370</u>



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Charlie Caldwell, Jr. City Marshal
City of Shreveport City Court
Shreveport, Louisiana

I 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 and each major fund of Charlie Caldwell, Jr. City Marshal as of December 25, 2018, and related notes to the financial statements, which collectively comprise the Marshal's basic financial statements, and have issued my report thereon dated June 28, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Charlie Caldwell, Jr. City Marshal's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's internal control. Accordingly, I do not express an opinion on the effectiveness of the Marshal's internal control over financial reporting.

A deficiency in internal control exists when the design or operation 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 Marshal's financial statements will not be prevented, or detected 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

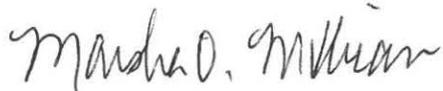
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Charlie Caldwell, Jr. City Marshal's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is listed in the accompanying Schedule of Findings as Finding 2018-1 and Finding 2018-2.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshal'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 Marshal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant
June 28 2019

CHARLIE CALDWELL, JR. CITY MARSHAL

Corrective Action Taken on Prior Year Findings

Year Ended December 25, 2018

FINDING 2017-1: Account reconciliations were not performed on a timely basis.

STATUS: Unresolved..

CHARLIE CALDWELL, JR. CITY MARSHAL

Schedule of Findings

Year Ended December 25, 2018

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal accounting control were disclosed during the audit.
3. Two instances of noncompliance material to the financial statements of the Marshal were disclosed during the audit.

Finding 2018-1:

Criteria: A complete set of accounting records require account reconciliations be performed on a monthly basis.

Condition: The general bank account, the garnishment bank account, and the credit card statements monthly reconciliations for the year ended December 31, 2018 were not reconciled until February, 2019.

Cause: Unknown.

Effect: Accounting records could be incorrect.

Recommendation: I recommend all account reconciliations be performed on a monthly basis.

Management's Response and Corrective Action Plan: We agree with the finding. Effective January 25, 2019, all account reconciliations have been performed on a monthly basis.

Finding 2018-2:

Criteria: State Budget Law requires the budget to be amended whenever actual revenues fail to meet budgeted amounts by 5% or more.

Condition: Although the budget was amended, actual revenues failed to meet budgeted amounts by 5% or more.

Cause: Unknown.

Effect: The Marshal is not in compliance with the State Budget Law.

Recommendation: I recommend the Marshal comply with the State Budget Law.

Management's Response and Corrective Action Plan: We agree with the finding. We will comply with the State Budget Law in the future.



Marsha O. Millican
A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES

Charlie Caldwell, Jr., City Marshal
City of Shreveport City Court
Shreveport, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Mayor and the Town Council of Logansport, Louisiana (the Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) the fiscal period January 1, 2018 through December 31, 2018. The District's management is responsible for those control and compliance 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*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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.

My procedures and associated findings are enumerated below.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operation):
 - 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) ***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.
- 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 entity's ethics policy.
- j) **Debt Service**, including (1) debt insurance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Procedures Results - I noted no exceptions.

Board (or Finance Committee, if 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) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Procedures Results - I noted no exceptions.

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 entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than five). 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);

- 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.

Procedure Results - I noted one exception: bank reconciliations were not completed in a timely manner for the entire fiscal year.

Management's Response - This situation has been corrected subsequent to year end.

Collections

- 4. Obtain 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. Randomly select 5 deposit sites (or all sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select on collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection 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 posting 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. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 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). *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 sequential pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to 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.

Procedure Results - I noted no exceptions.

Non-Payroll Disbursements - General (excluding credit 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).
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 a 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, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure Results - I noted no exceptions.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
- a) Observe that there is evidence that the monthly statement of 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) Observe 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, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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).

Procedure Results - I noted no exceptions.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U. S. General Services Administration (www.gsa.gov).
 - 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 included 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 the reimbursement.

Procedure Results - I noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all

contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results - I noted no exceptions.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 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 is reflected in the entity'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, agree the hours to the employee/officials' authorized pay rates in the employee/officials' personnel file.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Procedure Results - I noted no exceptions.

Ethics

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 entity's ethics policy during the fiscal period.

Procedure Results - I noted no exceptions.

Debt Service

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.

Procedure Results - I noted no exceptions.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure Results - I noted no exceptions.

I was not engaged and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those controls or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:514, this report is distributed by the LLA as a public document.

Marsha D. Mulhearn

Certified Public Accountant

June 28, 2019