

**CHARLIE CALDWELL, JR. CITY MARSHAL**

**SHREVEPORT, LOUISIANA**

**FINANCIAL STATEMENTS**

**December 25, 2017**

**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, 2017, 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, 2017, 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 15, 2018 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.

*Marsha D. Milligan*

Certified Public Accountant  
June 15, 2018

**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, 2017, had \$1,454,512 in cash on hand and net capital assets of \$694,027.

	<u>2017</u>	<u>2016</u>
Current assets	\$ 1,461,395	\$ 1,812,071
Capital assets	694,027	362,297
<b>Total assets</b>	<u>2,155,422</u>	<u>2,174,368</u>
Deferred outflows of resources	<u>17,627</u>	<u>342,132</u>
Current liabilities	33,671	19,036
Long term liabilities	5,555,922	5,813,423
<b>Total liabilities</b>	<u>5,589,593</u>	<u>5,832,459</u>
Deferred inflows of resources		
Net position		
Invested in capital assets	694,027	362,297
Unrestricted	(4,289,969)	(3,738,079)
<b>Total net position</b>	<u>\$ (3,595,942)</u>	<u>\$ (3,375,782)</u>

The charge for services from fines and bond forfeitures were \$926,211 an increase of \$322,797 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 \$2,513,588, a decrease of \$515,064. Net position increased by \$263,448.

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 926,211	\$ 603,414
Support from City of Shreveport	2,008,374	1,748,750
General Revenues		
Interest	2,623	4,788
<b>Total Revenues</b>	<u>2,937,208</u>	<u>2,356,952</u>
<b>Expenses</b>		
Personal Services	2,071,047	1,794,992
Other Operating	602,713	849,287
<b>Total Expenses</b>	<u>2,673,760</u>	<u>2,644,279</u>
<b>Excess (Deficiency) of Revenues Over Expenses</b>	<u>\$ 263,448</u>	<u>\$ (287,327)</u>

Over the course of the year, the general fund budget was not amended. Actual revenues were \$23,166 less than budgeted. Actual expenses were \$415,834 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, 2017

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,454,512
Due from Shreveport City Court	6,883
Capital assets - net of accumulated depreciation	<u>694,027</u>
Total Assets	<u>2,155,422</u>
<b>Deferred Outflow of Resources</b>	<u>176,027</u>
<b>Liabilities</b>	
Accounts payable and accruals	33,671
Long term liabilities	
Net pension liability	<u>5,555,922</u>
Total Liabilities	<u>5,589,593</u>
<b>Deferred Inflows of Resources</b>	<u>337,798</u>
<b>Net Position</b>	
Invested in capital assets, net of related debt	694,027
Unrestricted	<u>(4,289,969)</u>
Net Position	<u>\$ (3,595,942)</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, 2017

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	Fees, Fines, and Charges for Services	<u>Operating Contributions</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General Government	<u>\$ 2,673,760</u>	<u>\$ 926,211</u>	<u>\$ 2,008,374</u>	<u>\$ 260,825</u>
Total Governmental Activities	<u>\$ 2,673,760</u>	<u>\$ 926,211</u>	<u>\$ 2,008,374</u>	260,825
<b>General Revenues:</b>				
Interest Income				2,623
Total General Revenues				<u>2,623</u>
Change in Net Position				263,448
Net Position, beginning of year, restated				<u>(3,859,390)</u>
Net Position, end of year, deficit				<u>\$ (3,595,942)</u>

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, 2017

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<b>ASSETS</b>	
Cash	\$1,454,512
Due from Shreveport City Court	<u>6,883</u>
Total assets	<u><u>\$1,461,395</u></u>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable and accruals	<u>\$ 33,671</u>
Total liabilities	<u>33,671</u>
Fund balances	
Unassigned	<u>1,427,724</u>
Total fund balance	<u>1,427,724</u>
Total liabilities and fund balance	<u><u>\$1,461,395</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, 2017

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Fund Balances - Total Governmental Funds	1,427,724
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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:	694,027
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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	(5,555,922)
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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.	176,027
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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.	<u>(337,798)</u>
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Net Position of Governmental Activities	<u><u>\$ (3,595,942)</u></u>
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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, 2017

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Program revenues:	
Marshal charge for services from fines and bond forfeitures	\$ 926,211
Payments from the City of Shreveport	2,008,374
Interest earned	2,623
	<hr/>
Total revenues	2,937,208
	<hr/>
Expenditures/expenses:	
General government	
Communication	72,104
Dare program expenses	10,103
Dues	1,825
Fuel	86,797
Office expense	108,936
Personal services	2,071,047
Postage	6,468
Professional fees	21,618
Repairs and maintenance	159,901
Security alarm system	11,587
Training	36,501
Travel	111,501
Uniforms	24,340
Capital outlay	318,452
Total expenditures/expenses	<hr/> 3,041,180
Changes in fund balance	(103,972)
Fund balance, beginning of year	<hr/> 1,531,696
Fund balance, end of year	<hr/> <u>\$ 1,427,724</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, 2017

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (103,972)
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 (\$318,452) exceeds depreciation (\$160,172)	158,280
Other transactions involving fixed assets	(3,783)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	<u>212,923</u>
Change in Net Position of Governmental Activities	<u>\$ 263,448</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, 2017

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	Agency Funds		
	Cash Bonds	Garnishments	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 224,448	\$ -	\$ 224,448
Total assets	<u>\$ 224,448</u>	<u>\$ -</u>	<u>\$ 224,448</u>
<b><u>LIABILITIES</u></b>			
Due to defendants - surety	\$ 224,448		\$ 224,448
Due to plaintiffs		-	-
Total liabilities	<u>\$ 224,448</u>	<u>\$ -</u>	<u>\$ 224,448</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, 2017

### 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 an 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 between legally enacted basis and GAAP basis is required.

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 \$1,980,668 and is collateralized as follows:

Amount insured by FDIC	\$ 715,809
Amount collateralized with securities, held by pledging financial institution's trust department at fair market value ( <i>Risk Category 3</i> )	<u>1,264,859</u>
Total collateral	<u>\$ 1,980,668</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, 2017, are as follows:

<u>Cost</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Buildings	\$ 45,730	\$ 17,413	\$ -	\$ 63,143
Vehicles	1,151,609	301,039	55,421	1,397,227
Communications	157,350	-	-	157,350
Computers	73,692	-	-	73,692
Other Equipment	366,293	-	-	366,293
Weapons	48,047	-	-	48,047
Total	<u>\$ 1,842,721</u>	<u>\$ 318,452</u>	<u>\$ 55,421</u>	<u>\$ 2,105,752</u>
<u>Accumulated Depreciation</u>				
Buildings	23,926	3,043	-	26,969
Vehicles	750,406	115,430	51,640	814,196
Communications	136,772	7,535	-	144,307
Computers	52,563	8,382	-	60,945
Other Equipment	305,498	23,034	-	328,532
Weapons	34,028	2,748	-	36,776
Total	<u>1,303,193</u>	<u>160,172</u>	<u>51,640</u>	<u>1,411,725</u>
Net Capital Assets	<u>\$ 539,528</u>	<u>\$ 158,280</u>	<u>\$ 3,781</u>	<u>\$ 694,027</u>

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 \$2,008,374 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, 2017, the annual money-weighted rate of returns on pension plan investments, net of pension plan investment expense, was 9.31%. 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, 2017, Shreveport City Marshal reported a liability of \$5,555,922 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2017, 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, 2017, the Marshal's proportion was 2.56%, versus 2.75 % in 2017.

For the year ended December 31, 2017, the Marshal recognized pension expense of \$445,028.

At December 31, 2017, 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	\$ -	\$ (25,671)
Investment earnings	132,403	-
Changes in proportion	33,272	(312,127)
Changes of assumptions	10,352	-
Total	<u>\$ 176,027</u>	<u>\$ (337,798)</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>	
2018	\$ 13,533
2019	5,644
2020	80,024
2021	62,569

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2017 is as follows:

Valuation Date	January 1, 2016																								
Measurement Date	December 31, 2015																								
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%																							
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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 2017. 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	Citigroup 90-Day T-Bills	0.00%	0.11%	0.11%
Core Fixed Income	Barclays Aggregate	40.00%	1.75%	1.63%
Core Bonds	Barclays Gov/Cred	0.00%	1.63%	1.48%
Short-Term Bonds	Citigroup 1-3 Year Gov/Cred	0.00%	1.18%	1.14%
Immediate-Term Bonds	Barclays Intermediate Gov/Cred	0.00%	1.49%	1.40%
Long-Term Bonds	Barclays Long Gov/Cred	0.00%	2.21%	1.74%
Mortgages	Barclays Mortgage	0.00%	1.98%	1.89%
High Yield Bonds	Barclays High Yield	0.00%	4.26%	3.74%
Non-US Fixed Income	JPM GBI Global ex-US	0.00%	-0.01%	-0.53%
Inflation-Indexed Bonds	ML Index	0.00%	1.17%	1.05%
Broad US Equities	Wilshire 5000/Russell 3000	60.00%	4.57%	3.32%
Large Cap US Equities	S&P 500	0.00%	4.29%	3.13%
Mid Cap US Equities	Russell Mid Caps	0.00%	4.81%	3.27%
Small Cap US Equities	Russell 2000	0.00%	5.50%	3.62%
Developed Foreign Equities	MSCI EAFE	0.00%	5.50%	3.91%
Emerging Market Equities	MSCI Emerging Markets	0.00%	7.77%	4.59%
Private Equity	Cambridge Associates	0.00%	8.83%	5.08%
Hedge Funds/Absolute Return	HFRI Fund of Funds	0.00%	1.96%	1.66%
Real Estate (Property)	NCREIF/TBI Property	0.00%	3.83%	3.13%
Real Estate (REITS)	FTSE NAREIT Equity REIT	0.00%	5.01%	3.27%
Commodities	DJ UBS	0.00%	3.02%	1.42%
Long Credit Bonds	Barclays Long Credit	0.00%	3.00%	2.54%
Assumed Inflation - Mean			2.30%	2.30%
Assumed Inflation -Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			3.44%	2.95%
Portfolio Nominal Mean Return			5.76%	5.32%
Portfolio Standard Deviation				9.95%
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	\$ 6,243,733	\$ 5,556,922	\$ 4,986,999

**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 15, 2018 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, 2017

	<u>Original</u>	<u>Amended</u>	<u>Budgetary Basis Actual</u>	<u>Variance With Final Budget Pos./ (Neg.)</u>
<b>Revenues:</b>				
Marshal charge for services from fines and bond forfeitures	\$ 940,000	\$ 947,000	\$ 926,211	\$ (20,789)
Investment earnings	5,000	5,000	2,623	(2,377)
Total revenues	<u>945,000</u>	<u>952,000</u>	<u>928,834</u>	<u>(23,166)</u>
<b>Expenditures/expenses:</b>				
Court services:				
Claims	-	-	-	58,000
Communication	85,000	85,000	72,104	12,896
Dare program expenses	20,000	20,000	10,103	9,897
Dues	5,000	5,000	1,825	3,175
Fuel	130,000	130,000	86,797	43,203
Office expense	160,400	16,040	108,936	(92,896)
Personal services	442,000	442,000	74,132	367,868
Postage	25,000	25,000	6,468	18,532
Professional fees	30,000	30,000	10,159	19,841
Repairs and maintenance	140,000	140,000	159,901	(19,901)
Security alarm	11,600	11,600	11,587	13
Training	36,000	36,000	36,501	(501)
Uniforms	25,000	25,000	24,340	660
Travel	65,000	65,000	111,501	(46,501)
Capital outlay	360,000	360,000	318,452	41,548
Total expenditures	<u>1,535,000</u>	<u>1,390,640</u>	<u>1,032,806</u>	<u>415,834</u>
Excess (deficiency) of revenues over expenditures	(590,000)	(438,640)	(103,972)	392,668
Beginning fund balance	<u>1,531,696</u>	<u>1,531,696</u>	<u>1,531,696</u>	<u>-</u>
Ending fund balance	<u>\$ 941,696</u>	<u>\$ 1,093,056</u>	<u>\$ 1,427,724</u>	<u>\$ 334,668</u>

**CHARLIE CALDWELL, JR. CITY MARSHAL**

Notes to the Budgetary Comparison Schedule

Year ended December 25, 2017

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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 \$ 928,834

Differences-budget to GAAP

City of Shreveport on-behalf payments 2,008,374

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds 2,937,208

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule 1,032,806

Differences-budget to GAAP

City of Shreveport on-behalf payments 2,008,374

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds \$3,041,180

**CHARLIE CALDWELL, JR. CITY MARSHAL**  
 Schedule of Employer's Share of Net Pension Liability  
 Year Ended December 25, 2017

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%

*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, 2017

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<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%

*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 25, 2017

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Agency Head: Charlie Caldwell, Jr. City Marshal

Salary	<u>\$ 110,000</u>
Payroll Taxes	<u>\$ 1,653</u>
Insurance	<u>\$ 11,335</u>
Retirement	<u>\$ 25,423</u>
Per Diem	<u>\$ 11,725</u>
Registration Fees	<u>\$ 4,600</u>
Dues/Membership Fees	<u>\$ 320</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, 2017, and related notes to the financial statements, which collectively comprise the Marshal's basic financial statements, and have issued my report thereon dated June 15, 2018.

### 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is reported on the accompanying Schedule of Findings as Finding 2017-1.

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.

A handwritten signature in cursive script that reads "Marsha D. McKeon".

Certified Public Accountant  
June 15, 2018

**CHARLIE CALDWELL, JR. CITY MARSHAL**

Corrective Action Taken on Prior Year Findings

Year Ended December 25, 2017

There were no findings for the year ended December 25, 2016.

**CHARLIE CALDWELL, JR. CITY MARSHAL**

Schedule of Findings

Year Ended December 25, 2017

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. One instance of noncompliance material to the financial statements of the Marshal was disclosed during the audit.

Finding 2017-1:

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

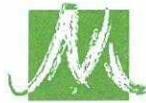
Condition: The Garnishment bank account was reconciled only for the month of January, 2017. Credit card statements were not reconciled for the months of October, November, and December, 2017.

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. We will perform reconciliations on a monthly basis in the future.



# Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

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

I have performed the procedures enumerated below, which were specified and agreed to by the City Marshal of the City of Shreveport, Louisiana (the Marshal) to assist the Marshal in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal year ended December 31, 2017. I am required to perform each procedure and report the results, including any exceptions. The District is responsible for internal controls and compliance with laws and regulations relative to the SAUP and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for their purposes.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

### ***Written Policies and Procedures***

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1. I obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:
  - ***Budgeting***, including preparing, adopting, monitoring and amending the budget.
  - ***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.
  - ***Disbursements***, including processing, reviewing and approving.
  - ***Receipts***, including receiving, recording, and preparing deposits.
  - ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
  - **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - **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. Note: Ethics requirements are not applicable to nonprofits.
  - **Debt Service**, including (1) debt insurance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- a) Procedures Results - I noted no exceptions.

**Board (or Finance Committee, if applicable)**

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2. I obtained and reviewed the board/committee minutes for the fiscal period, and:

- Determined whether the managing board met (with a quorum) at least monthly, or in a frequency in accordance with board's enabling legislation, charter, or other equivalent document.
- Determined whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

If the budget-to actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

- Determined whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least meeting during the fiscal period.
- a) Procedures Results - The Shreveport City Marshal is a component unit of the City of Shreveport; the City Marshal is the executive officer of the court and has no governing board.

### ***Bank Reconciliations***

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3. I obtained a listing of the Council's bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, I selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, I obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
  - Bank reconciliations have been prepared.
  - Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.
    - a) Procedures Results - I noted a large number of outstanding reconciling items over 6 months old in two of the bank accounts.
    - b) Management's Response - We will research the outstanding reconciling items and take appropriate action with regard to them.

### ***Collections***

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5. I obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, I selected all of the entity's cash collection locations (if five less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each collection location selected:
  - I obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transactions, or reconciling the related bank account(report if there are compensating controls performed by an outside party), and (3) not to share the same cash register or drawer with another employee.
  - I obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash location selected.
  - I selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement and determined whether the the deposits were made within one day of collection. If deposits were not made within one day of collection, I determined the number of days from receipt to deposit for each day at each collection location.

Using sequentially numbered receipts, system reports, or other related collection documentation I verified that daily cash collections are completely supported by documentation and noted any documentation and noted any exceptions.

7. I obtained written documentation (e.g. policy manual, written procedure) and determined whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

a) Procedure Results - I noted no exceptions.

**Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments**

8. I obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sort/filter for entity disbursements. I obtained management's representation that the listing or population is complete.
9. Using the disbursement population from #8 above, I randomly selected 30 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases of payments. I obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
  - Purchases were initiated using a requisition/purchase order system or an equivalent system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or an electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), I noted whether the person with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. I inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, I reviewed entity documentation (electronic system control documentation) and noted whether the persons with signatory authority have signatory authority have system access to print checks.

13. If a signature stamp or signature machine is used, I inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. I inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

a) Procedure Results - I noted no exceptions.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

15. Using the listing prepared by management, I randomly selected 10 cards (or at least one-third of the if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

I obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. I selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Determined whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor of a Lawrason Act municipality); these instances should not be reported.]
- Determined whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, I obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- For each transaction, I determined whether the transaction is supported by:

An original itemized receipt (i.e., identifies precisely what was purchased).

Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Other documentation that may be required by written policy (e.g. purchase order, written authorization).

- For each transaction, I compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
  - For each transaction, I compared the entity's documentation of the business/public purpose to the requirement of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- a) Procedure Results - I noted no exceptions.

### ***Travel and Expense Reimbursement***

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17. I obtained from management a listing of all travel and related expense reimbursements, by person, the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. I obtained management's representation that the listing or general ledger is complete.
18. I obtained the entity's written policies related to travel and expense reimbursements. I compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, I selected the three persons who incurred the most travel costs during the fiscal period. I obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- I compared expense documentation to written policies and determined whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, and lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
  - I determined whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose [Note: For meal charges, there should also be documentation of the individuals participating].
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

- I compared the entity's documentation of the business/public purpose to the requirements of Article Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- I determined whether each expense and related documentation was reviewed and approved, in by someone other than the person receiving reimbursement.
  - a) Procedure Results - I noted no exceptions.

### ***Contracts***

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20. I obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. I obtained management's representation that the listing or general ledger is complete.

21. Using the listing above, I selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). I obtained the related contracts and paid invoices and:

- Determined whether is a formal/written contract that supports the services arrangement and the paid.
- I compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. I noted whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g. solicited quotes or bids, advertisement, selected lowest bidder).

If no, obtain supporting contract documentation and report whether the entity solicited quotes as best practice.

- I determined whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an
- I selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and noted whether the invoice and related payment complied with the terms and conditions of the contract.
- I obtained/reviewed contract documentation and board minutes and determined whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

a) Procedure Results - I noted no exceptions.

## ***Payroll and Personnel***

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22. I obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. I randomly selected five employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. I obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within the pay period, I randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Determined whether 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) Determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Determined whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. I obtained from management a list of those employees/officials that terminated during the fiscal period and managements representation that the list is complete. If applicable, I selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. I noted whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. I obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. I determined whether the employee and employer portions of the payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.
- a) Procedure Results - I noted no exceptions.

## ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, I obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.

27. I inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, I reviewed documentation that demonstrates whether management investigate alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. I determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

- a) Procedure Results - I noted no exceptions.

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, I obtained supporting documentation from the entity and determined whether State Bond Commission approval was obtained.

29. If the entity had outstanding debt during the fiscal period, I obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

30. If the entity had tax millages relating to debt service, I obtained supporting documentation and whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, I determined whether any millages continue to be received for debt that has been paid off.

- a) Procedures Results - I noted no exceptions.

***Other***

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31. I inquired of management whether the entity had any misappropriations of public funds or assets. If so, I obtained/reviewed supporting documentation and noted whether the entity had reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

32. I observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

- a) Procedures Results - I noted one exception: the notice required by R.S.24:523.1 was not posted on the premises nor on the website.
- b) Management's Response - We have subsequently posted the above notice on the premises and on the website.

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. 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.

This report is intended solely for the information and use of the Council and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

*Marsha D. Milhean*

Certified Public Accountant

June 15, 2018