

**CITY OF NATCHITOCHEs,
CITY MARSHAL
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2018

City of Natchitoches, City Marshal
December 31, 2018

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CITY OF NATCHITOCHEs, CITY MARSHAL

P. O. Box 303
Natchitoches, LA 71458-0303

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Natchitoches, City Marshal's (hereafter referred to as the City Marshal) annual financial report presents an overview and analysis of the City Marshal's financial activities for the year ended December 31, 2018. The intent of the MD&A is to look at the City Marshal's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the City Marshal's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City Marshal as a whole and presents a longer-term view of the City Marshal's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the City Marshal's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the City Marshal's net position may serve as a useful indicator of whether the financial position of the City Marshal is improving or deteriorating.
- The Statement of Activities presents information showing how the City Marshal's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the City Marshal are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City Marshal uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City Marshal conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the City Marshal's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the City Marshal. The City Marshal also maintains two Fiduciary Funds. As Fiduciary Funds are simply held for other parties and cannot be used for any of the City Marshal's activities, it is not included in the government-wide statement, but is separately reported in the statements of the Fiduciary Funds.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2018</u>	<u>2017</u>
ASSETS:		
Current Assets	\$ 0	\$80,830
Capital Assets, Net of Accumulated Depreciation	<u>21,059</u>	<u>4,982</u>
Total Assets	<u>\$21,059</u>	<u>\$85,812</u>
LIABILITIES:		
Cash Overdraft	\$21,224	\$ 0
Accounts Payable	<u>26,281</u>	<u>26,637</u>
Total Liabilities	<u>\$47,505</u>	<u>\$26,637</u>
NET POSITION:		
Net Investment in Capital Assets	\$21,059	\$ 4,982
Unrestricted	<u>(47,505)</u>	<u>54,193</u>
Total Net Position	<u>\$(26,446)</u>	<u>\$59,175</u>

Summary of Statement of Activities

	<u>2018</u>	<u>2017</u>
REVENUES:		
Charges for Services	\$321,261	\$422,918
On Behalf Payments-City of Natchitoches	211,309	206,790
Miscellaneous	<u>27,109</u>	<u>0</u>
Total Revenues	<u>\$559,679</u>	<u>\$629,708</u>
EXPENSES:		
Operating Expenses	\$433,990	\$290,744
On Behalf Payments-City of Natchitoches	<u>211,309</u>	<u>307,252</u>
Total Expenses	<u>\$645,299</u>	<u>\$597,996</u>
Change in Net Position	<u>\$ (85,620)</u>	<u>\$ 31,712</u>

- The City Marshal's liabilities exceeded its assets by \$26,446. This is a decrease of \$85,620 from prior year.
- Unrestricted net position, the amount available for obligations to both citizens and creditors, decreased \$101,698 from the prior year.

General Fund Budgetary Highlights

Revenues were over budgeted by \$125,298 and expenditures were under budgeted by \$1,376.

Economic Factors and Next Year's Budget

The City Marshal considered many factors when setting the budget for 2019. Revenues are expected to increase due to a service fee increase according to R.S. 13:5807 and expenses are not expected to differ significantly from the 2018 levels.

Contacting the City Marshal

This financial report is designed to provide our citizens and creditors with a general overview of the City Marshal's finances and to show the City Marshal's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to City of Natchitoches, City Marshal, P. O. Box 303, Natchitoches, LA 71458-0303.

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INDEPENDENT AUDITOR’S REPORT

Randy Williams, City Marshal
City of Natchitoches
P. O. Box 303
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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and fiduciary funds of the City of Natchitoches, City Marshal (City Marshal), a component unit of the City of Natchitoches, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City Marshal’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the governmental activities, major fund, and fiduciary funds of the City Marshal as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for purposes of additional analysis and is required by Louisiana Revised Statute 245:513A(3). This schedule is not a required part of the basic financial statements.

We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Marshal's basic financial statements. The Budgetary Comparison Schedule and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019, on our consideration of the City Marshal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Marshal's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 28, 2019, on the results of our statewide agreed-upon procedures performed 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*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPAs

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants
Natchitoches, Louisiana

June 28, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Natchitoches, City Marshal
Statement of Net Position
December 31, 2018

	Governmental <u>Activities</u>
ASSETS:	
Non-current Assets- Capital Assets (Net)	\$ <u>21,059</u>
Total Assets	\$ <u>21,059</u>
LIABILITIES:	
Cash Overdraft	\$ 21,224
Accounts Payable	<u>26,281</u>
Total Liabilities	\$ <u>47,505</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 21,059
Unrestricted	<u>(47,505)</u>
Total Net Position	\$ <u>(26,446)</u>

See notes to financial statements.

City of Natchitoches, City Marshal
Statement of Activities
December 31, 2018

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes <u>in Net Position</u> <u>Governmental Activities</u>
		Charges for Services	Operating Grants and Contributions	
Governmental Activities-				
Public Safety-				
Personnel Services	\$211,309	\$ 0	\$0	\$(211,309)
External Appropriations	282,431	321,261	0	38,830
Operating Expenses	66,498	0	0	(66,498)
Materials & Supplies	77,157	0	0	(77,157)
Travel & Other Charges	<u>7,904</u>	<u>0</u>	<u>0</u>	<u>(7,904)</u>
Total Governmental Activities	<u>\$645,299</u>	<u>\$321,261</u>	<u>\$0</u>	<u>\$(324,038)</u>
		General Revenues		
				\$ 211,309
				2,132
				<u>24,977</u>
				Total General Revenues
				\$238,418
				Change in Net Position
				\$ (85,620)
				Net Position January 1, 2018
				<u>59,174</u>
				Net Position December 31, 2018
				<u>\$ (26,446)</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Natchitoches, City Marshal
Balance Sheet-Governmental Fund
December 31, 2018

Liabilities:

Cash Overdraft	\$ 21,224
Accounts Payable	<u>26,281</u>
Total Liabilities	\$ 47,505

Fund Balance:

Unassigned	<u>(47,505)</u>
Total Liabilities and Fund Balance	<u>\$ 0</u>

See notes to financial statements.

City of Natchitoches, City Marshal
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance for the Governmental Fund at December 31, 2018	\$ (47,505)
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet. Those assets consist of:	
Equipment and Vehicles	104,658
Less: Accumulated Depreciation	<u>(83,599)</u>
Total Net Position of Governmental Activities at December 31, 2018	\$ <u>(26,446)</u>

See notes to financial statements.

City of Natchitoches, City Marshal
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2018

REVENUES:	
Charges for Services	\$ 321,261
On Behalf Payments-City of Natchitoches	211,309
Miscellaneous	
Interest & Miscellaneous	<u>2,132</u>
Total Revenues	\$ <u>534,702</u>
EXPENDITURES:	
Current-	
Public Safety-	
Personnel Services & Related Benefits	\$ 211,309
External Appropriations	282,431
Operating Expenses	62,598
Materials & Supplies	77,157
Travel & Other Charges	7,904
Capital Expenditures	<u>19,977</u>
Total Expenditures	\$ <u>661,376</u>
Excess of Revenues over Expenditures	\$(126,674)
OTHER FINANCING	
SOURCES (USES):	
Operating Transfers In	\$ <u>24,977</u>
Excess of Revenues and Other Sources	
Over Expenditures and Other Uses	\$(101,697)
Fund Balance-Beginning of Year	<u>54,192</u>
Fund Balance-End of Year	\$ <u>(47,505)</u>

See notes to financial statements.

City of Natchitoches, City Marshal
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balance-Governmental Fund	\$(101,697)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
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 as depreciation expense. The cost of capital assets recorded in the current period is	19,978
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(3,901)</u>
Change in Net Position per Statement of Activities	<u>\$ (85,620)</u>

See notes to financial statements.

City of Natchitoches, City Marshal
Statement of Fiduciary Net Position
Agency Funds
December 31, 2018

Assets:	<u>Civil Account</u>	<u>Delayed Fines</u>	<u>Total</u>
Cash	<u>\$27,635</u>	<u>\$151,922</u>	<u>\$179,557</u>
Liabilities:			
Unsettled Deposits	<u>\$27,635</u>	<u>\$151,922</u>	<u>\$179,557</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

1. Introduction:

As provided by Louisiana Statutes, the City Marshal is the executive officer of the City Court. The City Marshal shall execute the orders and mandates of the Court system of the City of Natchitoches, Louisiana. The City Marshal is elected to a term of six years.

2. Summary of Significant Accounting Policies:

The accompanying component unit financial statements of the City of Natchitoches, City Marshal, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity-

As the governing authority of the city, for reporting purposes, the City of Natchitoches, Louisiana is the financial reporting entity for the local government. The financial reporting entity consists of (a) the primary government (City of Natchitoches), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Natchitoches for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the city to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the city.
2. Organizations for which the city does not appoint a voting majority but are fiscally dependent on the city.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because of item 2 above, the City of Natchitoches, City Marshal, was determined to be a component unit of the City of Natchitoches, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the City Marshal and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City Marshal's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The accounts of the City Marshal are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The City Marshal maintains three funds. They are categorized as a governmental fund and two fiduciary funds. The emphasis on fund financial statements is on major governmental funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The funds of the City Marshal are described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the City Marshal. It is used to account for all financial resources except those required to be accounted for in another fund.

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

Fiduciary Fund-

Fiduciary Funds are used to account for assets held by the City Marshal in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the City Marshal, these funds are not incorporated into the government-wide statements.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the City Marshal's office as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City Marshal considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and cash equivalents include all interest-bearing deposits, demand accounts and savings accounts of the City Marshal.

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City Marshal maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Radios	10 years
Vehicles	5 years

Compensated Absences-

Employees of the City Marshal are paid by the City of Natchitoches, including any leave payments, therefore there are no entries made to record compensated absences in the funds of the City Marshal.

Equity Classifications-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$(47,505). If applicable, the City Marshal would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budgetary Practices-

Prior to the beginning of each fiscal year, the City Marshal adopts a budget for the next fiscal year. The budget is open for public inspection and all budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

The City Marshal's office performs only a custodial function in the case of fiduciary funds and therefore a budget for these funds is not appropriate.

G. Estimates-

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

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

3. Cash and Cash Equivalents:

The cash and cash equivalents of the City of Natchitoches, City Marshal are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City Marshal's office will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City Marshal that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City Marshal's name.

Bank account balances at December 31, 2018, totaled \$194,572 and were fully secured by FDIC Insurance.

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2018, is as follows:

Governmental Activities	Balance 01-01-18	Additions	Deletions	Balance 12-31-18
Capital Assets:				
Furniture, computers	\$15,399	\$ 0	\$0	\$ 15,399
Radios	5,269	0	0	5,269
Vehicles	62,212	19,978	0	82,190
Building	<u>1,800</u>	<u>0</u>	<u>0</u>	<u>1,800</u>
Total Assets	<u>\$84,680</u>	<u>\$19,978</u>	<u>\$0</u>	<u>\$104,658</u>
Less Accumulated Depreciation:				
Furniture, computers	\$14,667	\$ 338	\$0	\$ 15,005
Radios	2,219	642	0	2,861
Vehicles	62,212	2,664	0	64,876
Buildings	<u>600</u>	<u>257</u>	<u>0</u>	<u>857</u>
Total Depreciation	<u>\$79,698</u>	<u>\$ 3,901</u>	<u>\$0</u>	<u>\$ 83,599</u>
Net Capital Assets	<u>\$ 4,982</u>	<u>\$16,077</u>	<u>\$0</u>	<u>\$ 21,059</u>

Depreciation expense of \$3,901 was charged to the public safety function.

City of Natchitoches, City Marshal
Notes to Financial Statements
December 31, 2018

5. On-Behalf Payments:

Employees of the City Marshal's office receive salaries and fringe benefits from the City of Natchitoches, including supplemental pay from the State of Louisiana. Fringe benefits paid by the City include the required contributions to the Louisiana Municipal Employees Retirement System.

Salaries	\$142,437
Fringe Benefits	<u>68,872</u>
 Total	 <u>\$211,309</u>

In accordance with GASB Statement No. 24, the City Marshal's office has recorded revenues and expenditures for these receipts and payments.

6. Litigation:

The City Marshal is not a party in any litigation seeking damages for the year ended December 31, 2018.

7. Changes in Fiduciary Fund - Agency Funds:

The following is a summary of changes in agency funds unsettled balances for the year ended December 31, 2018:

<u>Fund</u>	<u>Balance 01-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-18</u>
Civil	\$ 6,786	\$300,784	\$279,935	\$ 27,635
Delayed Fines	<u>151,591</u>	<u>179,390</u>	<u>179,059</u>	<u>151,922</u>
 Totals	 <u>\$158,377</u>	 <u>\$500,151</u>	 <u>\$478,971</u>	 <u>\$179,557</u>

8. Subsequent Events:

Management has evaluated events through June 28, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

City of Natchitoches, City Marshal
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	<u>Budget</u>		Variance
	<u>Original/Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Charges for Services	\$440,287	\$ 321,261	\$(119,026)
On Behalf Payments-City of Natchitoches	219,713	211,309	(8,404)
Miscellaneous			
Interest & Miscellaneous	<u>0</u>	<u>2,132</u>	<u>2,132</u>
Total Revenues	<u>\$660,000</u>	<u>\$ 534,702</u>	<u>\$(125,298)</u>
EXPENDITURES:			
Current-			
Public Safety-			
Personnel Services & Related Benefits	\$196,878	\$ 211,309	\$ (14,431)
External Appropriations	334,000	282,431	51,569
Operating Expenses	47,200	62,598	(15,398)
Materials & Supplies	33,000	77,157	(44,157)
Travel & Other Charges	40,922	7,904	33,018
Capital Expenditures	<u>8,000</u>	<u>19,977</u>	<u>(11,977)</u>
Total Expenditures	<u>\$660,000</u>	<u>\$ 661,376</u>	<u>\$ (1,376)</u>
Excess of Revenues over Expenditures	\$ 0	\$(126,674)	\$(126,674)
OTHER FINANCING			
SOURCES (USES):			
Operating Transfers In	\$ <u>0</u>	\$ <u>24,977</u>	\$ <u>24,977</u>
Excess of Revenue and Other			
Sources over Expenditures			
and Other Uses	\$ 0	\$(101,697)	\$(101,697)
Fund Balance-Beginning of Year	<u>54,192</u>	<u>54,192</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 54,192</u>	<u>\$ (47,505)</u>	<u>\$(101,697)</u>

See independent auditor's report.

City of Natchitoches, City Marshal
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2018

Agency Head Name: Randy Williams, Marshal

<u>Purpose</u>	<u>Amount Paid by City of Natchitoches</u>
Salary	\$51,654
Benefits-Insurance	6,782
Benefits-Retirement	14,508
Benefits-Payroll Taxes	784
Benefits-Other	1,978

See independent auditor's report.

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

Randy Williams, City Marshal
City of Natchitoches
P. O. Box 303
Natchitoches, LA 71458-0303

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund, and the fiduciary funds as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Natchitoches, City Marshal (City Marshal) basic financial statements and have issued our report thereon dated June 28, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Marshal's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, described in the accompanying Schedule of Audit Findings as item 2018-001.

Natchitoches City Marshal's Response to Findings

The City Marshal's response to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. The City Marshal's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPAs

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants
Natchitoches, Louisiana

June 28, 2019

City of Natchitoches, City Marshal
Schedule of Audit Findings
Year Ended December 31, 2018

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit findings:

1. An unmodified opinion was issued on the financial statements of the City of Natchitoches, City Marshal as of and for the year ended December 31, 2018.
2. The audit disclosed not disclose any material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Noncompliance-

2018-001 Local Government Budget Act

Criteria - Revised Statutes 39:1301-1315, direct local governments as to the manner in which the annual budget shall be adopted, implemented, and amended. This included the requirements to revise the budget when total revenues and other uses are failing to meet the total budgeted revenues and other uses by five percent or more.

Condition - For the year ended December 31, 2018, the City Marshal did not follow the requirements of the Local Government Budget Act in that proper amendments were not made to ensure the five percent variance for revenues were met.

Effect - The City Marshal is not in compliance with the Local Government Budget Act.

Cause - The City Marshal anticipated more charges for services income.

Recommendation - The City Marshal should comply with all provisions of the Local Budget Act by monitoring revenues throughout the year that may have an effect on the budget.

Management's Response - The City Marshal fully intends to comply with the provisions of the Local Government Budget Act.

III. PRIOR YEAR AUDIT FINDINGS

Internal Control-

2017-001 Segregation of Duties

Condition - Lack of personnel to prepare the annual financial statements and related note disclosures.

Status - This finding has been cleared as of December 31, 2018.

City of Natchitoches, City Marshal
Schedule of Audit Findings
(continued)
Year Ended December 31, 2018

Compliance-

2017-002 *Late Submission of Report*

*Condition -*For the year ended December 31, 2018, the City Marshal did not submit their annual audit within six months after the close of their fiscal year.

Status - Condition cleared as of December 31, 2018.

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

Randy Williams, City Marshal
City of Natchitoches
P. O. Box 303
Natchitoches, LA 71458-0303

We have performed the procedures enumerated below, which were agreed to by the Board of Commissioners of the City of Natchitoches, City Marshal (City Marshal) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended December 31, 2018. The City Marshal is responsible for those C/C areas identified in the SAUPs.

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

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (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. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **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.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - a) *Procedure Results – We noted the Budgeting Policy does not address the preparing, adopting, monitoring or amending processes. The Purchasing Policy does not address how vendors are added to the vendor lists. The City Marshall does not have a policy for Contracting, Credit Cards or Travel & Expense Reimbursement. The Ethics Policy does not address prohibitions as defined in LA RS 42:1111-1121, actions to be taken if violations occur, systems to monitor ethics violations or signature verification that the ethics policy has been read.*

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed 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.
 - Observed 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. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - For governmental entities, obtained the prior year audit report and observed 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, observed 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.
 - a) *Procedure Results – Not applicable. The Marshal is an elected official and does not have a board/committee.*

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - 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
 - 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.
- a) Procedure Results – We noted bank reconciliations do not contain evidence that they were prepared within 2 months of the related closing date or that they have been reviewed by management. There is no documentation to indicate management researched outstanding items more than 12 months from the closing date.*

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
- Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under “Bank Reconciliations” above. We obtained supporting documentation for each of the deposits selected and:
 - We observed that receipts are sequentially pre-numbered.
 - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - We traced the deposit slip total to the actual deposit per the bank statement.
 - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - We traced the actual deposit per the bank statement to the general ledger.

a) Procedure Results – We noted that deposits were made up to 6 business days after collection.

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

8. We obtained a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity’s non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management’s representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
 - We observed that the disbursement matched the related original invoice/billing statement.

- We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
 - a) *Procedure Results – No exceptions were noted.*

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.
 - a) *Procedure Results – We noted that some statements contained no written approval, finance charges were assessed, and there was no documentation of business purposes or individuals participating in meals.*

Travel and Expense Reimbursement

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

a) Procedure Results – No exceptions were noted in this category in the prior year; therefore, no procedures were required in the current year.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:

- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

a) Procedure Results – No exceptions were noted in this category in the prior year; therefore, no procedures were required in the current year.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:

- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
- We observed that supervisors approved the attendance and leave of the selected employees/officials.
- We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained 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.
- a) *Procedure Results – No exceptions were noted in this category in the prior year; therefore, no procedures were required in the current year.*

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - We observed 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.
- a) *Procedure Results – No exceptions were noted.*

Debt Service (excluding nonprofits)

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) *Procedure Results – Not applicable. The Marshal's office has issued no debt.*

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. We observed whether 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.

- a) *Procedure Results – We noted no exceptions. Management represented they are not aware of any misappropriations. We viewed the notice required by R.S. 24:523.1 posted on the City Marshal's premises.*

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

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

Thomas, Cunningham Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants
Natchitoches, Louisiana

June 28, 2019

City of Natchitoches, City Marshal
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2018

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

- Item 1: Management asserts that there are presently certain procedures in place that address many of the outlined functions, however, these procedures are not all in writing. Management will design and implement written policies and procedures as suggested by best practices and will include the exceptions in the associated policies.
- Item 4: Management will implement procedures to document evidence of the date of preparation and the review of bank reconciliations, and the research of aged reconciling items.
- Item 7: Management will implement procedures to ensure that deposits are made within one work day of collection.
- Item 12: Management will adopt policies to ensure invoices are properly approved and that statements are paid in a timely manner to avoid finance charges.
- Item 13: Management will adopt policies to ensure itemized receipts and documentation of the public purpose of all transactions are retained with credit card invoices and include names of participants for meal charges.