

**ALEXANDRIA CITY MARSHAL
ALEXANDRIA, LOUISIANA**

September 30, 2017

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|-------------|
| Independent Auditor’s Report | 1 |
| Government-Wide Financial Statements | 4 |
| Statement of Net Position | 5 |
| Statement of Activities | 6 |
| Fund Financial Statements..... | 7 |
| Governmental Funds | 8 |
| Balance Sheet – Governmental Funds | 9 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position..... | 10 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 11 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities | 12 |
| Fiduciary Fund | 13 |
| Statement of Fiduciary Net Position..... | 14 |
| Notes to Financial Statements..... | 15 |
| Required Supplementary Information..... | 20 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual | 21 |
| Supplementary Information | 22 |
| Schedule of Compensation, Benefits, and Other Payments | 23 |
| 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 <i>Government Auditing Standard</i> | 24 |
| Schedule of Findings and Questioned Costs | 27 |
| Summary Schedule of Prior Year Findings..... | 32 |
| Management’s Corrective Action Plan | 33 |
| Independent Accountant’s Report on Applying Agreed-Upon Procedures..... | 35 |
| Louisiana Legislative Auditor’s Finding Template for Reporting Fraud and Misappropriations | Appendix 1 |



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Independent Auditor's Report

Alexandria City Marshal
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Alexandria City Marshal, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Alexandria 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.. 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 respective financial position of the governmental activities, and each major fund of the Alexandria City Marshal as of September 30, 2017, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alexandria City Marshal's basic financial statements. The schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 16, 2018, on our consideration of the Alexandria 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 Alexandria City Marshal's internal control over financial reporting and compliance.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 16, 2018

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**Alexandria City Marshal
Statement of Net Position
September 30, 2017**

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Cash | \$ 287,471 | \$ - | \$ 287,471 |
| Court cost receivable | 9,834 | - | 9,834 |
| Capital assets, net of accumulated depreciation | 33,133 | - | 33,133 |
| Total assets | \$ 330,438 | \$ - | \$ 330,438 |
| Liabilities | | | |
| Accounts payable | \$ 51,619 | \$ - | \$ 51,619 |
| Payroll taxes payable | 2,453 | - | 2,453 |
| Total liabilities | 54,072 | - | 54,072 |
| Net position | | | |
| Net investment in capital assets | 33,133 | - | 33,133 |
| Restricted | 66,166 | - | 66,166 |
| Unrestricted | 177,067 | - | 177,067 |
| Total net position | \$ 276,366 | \$ - | \$ 276,366 |

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

Alexandria City Marshal
Statement of Activities
For The Year Ended September 30, 2017

| | <u>Program Revenues</u> | | | | <u>Net Revenue and Changes in Net Position</u> | | |
|--|-------------------------|---------------------------------|---|---|--|-------------------------------------|--------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Primary Government</u> | | |
| | | | | | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| GOVERNMENTAL FUNCTIONS | | | | | | | |
| Primary Government | | | | | | | |
| Governmental activities | | | | | | | |
| General fund | \$ 286,536 | \$ 269,308 | \$ - | \$ - | \$ (17,228) | \$ - | \$ (17,228) |
| DWI Fund | 3,471 | 3,302 | - | - | (169) | - | (169) |
| Total governmental activities | <u>290,007</u> | <u>272,610</u> | <u>-</u> | <u>-</u> | <u>(17,397)</u> | <u>-</u> | <u>(17,397)</u> |
| Total primary government | <u>\$ 290,007</u> | <u>\$ 272,610</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (17,397)</u> | <u>\$ -</u> | <u>\$ (17,397)</u> |
| General revenues: | | | | | | | |
| Interest and investment earnings | | | | | 983 | - | 983 |
| Miscellaneous | | | | | 43,307 | - | 43,307 |
| Total general revenues and transfers | | | | | <u>44,290</u> | <u>-</u> | <u>44,290</u> |
| Change in net position for the year | | | | | <u>26,893</u> | <u>-</u> | <u>26,893</u> |
| Net position-Beginning of year | | | | | <u>249,473</u> | <u>-</u> | <u>249,473</u> |
| Net position-End of year | | | | | <u>\$ 276,366</u> | <u>-</u> | <u>\$ 276,366</u> |

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

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

Balance Sheet
Governmental Funds
Alexandria City Marshal
September 30, 2017

| | <u>General</u> | <u>DWI Fund</u> | <u>Total Governmental Funds</u> |
|---|-----------------------|----------------------|---|
| Assets | | | |
| Cash | \$ 221,408 | \$ 66,063 | \$ 287,471 |
| Court costs receivable | 9,731 | 103 | 9,834 |
| Due from other funds | 12,700 | - | 12,700 |
| Total assets | <u>\$ 243,839</u> | <u>\$ 66,166</u> | <u>\$ 310,005</u> |
| Liabilities and Fund Balance | | | |
| Accounts payable | \$ 51,619 | \$ - | \$ 51,619 |
| Payroll taxes payable | 2,453 | - | 2,453 |
| Total liabilities | <u>54,072</u> | <u>-</u> | <u>54,072</u> |
| Fund Balance | | | |
| Restricted | - | 66,166 | 66,166 |
| Unassigned | 189,767 | - | 189,767 |
| Total fund balance | <u>189,767</u> | <u>66,166</u> | <u>255,933</u> |
| Total liabilities and fund balance | <u>\$ 243,839</u> | <u>\$ 66,166</u> | <u>\$ 310,005</u> |

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

**Reconciliation of the Balance Sheet
of Governmental Funds to the
Statement of Net Position
September 30, 2017**

| | |
|---|-------------------|
| Total fund balance-total governmental funds | \$ 255,933 |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because: | |
| Capital assets of \$446,909 net of accumulated depreciation of \$413,776, are not financial resources and, therefore, are not reported in the funds. | \$ 33,133 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. Assets and liabilities of the internal services funds of \$12,700 are included in governmental activities, but not in the statement of net position. | <u>(12,700)</u> |
| Total adjustments | <u>20,433</u> |
| Net position of governmental activities | <u>\$ 276,366</u> |

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

**Statement of Revenues, Expenditures, and Changes
in Fund Balances-Governmental Funds
Alexandria City Marshal
For the year ended September 30, 2017**

| | General Fund | DWI Fund | Total Governmental Funds |
|--|-------------------------|---------------------|---|
| Revenues: | | | |
| Court costs | \$ 269,308 | \$ 3,302 | \$ 272,610 |
| Other revenue | 47,988 | - | 47,988 |
| Interest | 983 | - | 983 |
| Total revenues | <u>318,279</u> | <u>3,302</u> | <u>321,581</u> |
| Expenditures: | | | |
| Current: | | | |
| General and administrative | 278,578 | 3,471 | 282,049 |
| Capital outlay | 5,055 | - | 5,055 |
| Total expenditures | <u>283,633</u> | <u>3,471</u> | <u>287,104</u> |
| Excess (deficiency) of revenues over expenditures | <u>34,646</u> | <u>(169)</u> | <u>34,477</u> |
| Fund balances, beginning of year | <u>155,121</u> | <u>66,335</u> | <u>221,456</u> |
| Fund balances, end of year | <u>\$ 189,767</u> | <u>\$ 66,166</u> | <u>\$ 255,933</u> |

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

**Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the year ended September 30, 2017**

| | | |
|---|----|----------------|
| Net changes in fund balances-total governmental funds | \$ | 34,477 |
| Amounts reported for <i>governmental activities</i> in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital expenditures | \$ | 5,055 |
| Depreciation expense | | <u>(7,958)</u> |
| Changes in internal service funds balances | | <u>(4,681)</u> |
| Change in net position of governmental activities | \$ | <u>26,893</u> |

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

FIDUCIARY FUND

Statement of Fiduciary Net Position
Alexandria City Marshal
September 30, 2017

| | <u>Agency Fund</u> |
|-----------------------------------|--------------------------------|
| <u>Assets</u> | |
| Cash | \$ 75,187 |
| Total assets | <u><u>\$ 75,187</u></u> |
| | |
| <u>Liabilities</u> | |
| Bonds held for future disposition | \$ 62,487 |
| Due to other funds | 12,700 |
| Total liabilities | <u><u>\$ 75,187</u></u> |

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

ALEXANDRIA CITY MARSHAL
Notes to the Financial Statements
September 30, 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Alexandria City Marshal as a whole, excluding fiduciary activities. Individual funds are not displayed, but the statements distinguish governmental activities from business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

The Alexandria City Marshal has implemented GASB 63 which requires the presentation of a Statement of Net Position instead of a Statement of Net Assets in the government wide financial statements.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The accounting and reporting practices of the Alexandria City Marshal conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guidelines set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units. The following is a summary of certain significant accounting policies and practices:

Reporting Entity - In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not only criterion, for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal

ALEXANDRIA CITY MARSHAL
Notes to the Financial Statements
September 30, 2017

matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The Alexandria City Marshal is a potential component unit of the City of Alexandria, Louisiana. However, the Alexandria City Marshal is a separate reportable entity from the City of Alexandria because it is essentially an autonomous unit. The Marshal, an elected official, has the ability to exercise accountability for fiscal matters. The Alexandria City Marshal is financially independent from the City of Alexandria, Louisiana.

Fund Accounting - The accounts of the Alexandria City Marshal are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are categorized as follows:

Governmental Fund Categories

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

DWI Fund - The DWI Fund is used to account for the proceeds of DWI fines that are set aside to monitor DWI probation activities.

Fiduciary Fund Category

The Fiduciary Fund is used to account for assets held by the Alexandria City Marshal as an agent for other governments, other organizations, and other funds. Agency Funds are custodial in nature (assets = liabilities) and do not involve measurement of results of operations.

Fund Balances

Alexandria City Marshal has adopted the provisions of GASB 54 related to the classification of governmental fund balances. The governmental fund balances are classified as follows:

ALEXANDRIA CITY MARSHAL
Notes to the Financial Statements
September 30, 2017

Restricted – amounts that can be used only for specific purposes as defined by law. Restrictions may be established, modified, or rescinded only through ordinances or resolutions approved by the City of Alexandria or changes in Louisiana state law.

Unassigned – all other spendable amounts.

Basis of Accounting –The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). The fiduciary fund financial statements report uses the same focus and basis of accounting.

Governmental fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement objective. The Alexandria City Marshal has one fiduciary fund, an agency fund, which is purely custodial and thus does not involve measurement of results of operations.

The revenue received by the Alexandria City Marshal is generated through court costs allocated to the entity. Court costs are distributed based on schedules developed by the Louisiana Legislature. The office of the Alexandria City Marshal is responsible for collecting bonds and fines for cases in Alexandria City Court, then distributing these amounts when there is a disposition in the case. The amount of distribution that the entity will receive is recognized as of the last day of the month of disposition of the case.

Interfund Receivables and Payables - The Agency Fund occasionally incurs costs such as check printing charges, cash shortages, and checks dishonored. The General Fund reimburses the Agency Fund for these costs. Interest revenues earned on the agency fund are used to offset these charges.

Budgets and Budgetary Accounting – The Alexandria City Marshal adopts a budget on a basis consistent with GAAP for the General Fund. The Alexandria City Marshal is required to present the adopted and final amended budgeted revenues and expenditures for the General Fund and Special Revenue Fund. The City Marshal establishes the fiscal year as the twelve-month period beginning October 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

Management prepares the proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Marshal who reviews

ALEXANDRIA CITY MARSHAL
Notes to the Financial Statements
September 30, 2017

and approves it. The budget is then submitted to the City of Alexandria and made available for public inspection.

The Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget (GAAP Basis) and Actual presents a comparison of budgetary data to actual results of operations for which annual budgets have been adopted. These funds utilize the same basis of accounting for both budgetary purposes and actual results.

Cash - Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Alexandria City Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. This will affect the reported amounts of 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 these amounts.

Capital Assets - The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus.

All government fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

All capital assets are stated at historical cost. Historical costs include not only the purchase price and construction costs, but also ancillary charges to place the asset in its intended location and condition for use. Capital assets are depreciated using the straight-line method over their estimated useful lives.

2. CASH

As of September 30, 2017, cash and cash equivalents totaled \$287,471, of which is classified as unrestricted. Cash balances are insured to Federal Deposit Insurance Corporation limits. Alexandria City Marshal had no cash balances that were not adequately secured.

ALEXANDRIA CITY MARSHAL
Notes to the Financial Statements
September 30, 2017

3. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2017 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Retirements</u> | <u>Ending Balance</u> |
|--------------------------|------------------------------|------------------|--------------------|---------------------------|
| Equipment | \$ 197,839 | \$ 5,055 | \$ -0- | \$ 202,894 |
| Vehicles | <u>244,015</u> | <u>-0-</u> | <u>-0-</u> | <u>244,015</u> |
| Total cost | 441,854 | 5,055 | -0- | 446,909 |
| Accumulated depreciation | <u>(405,818)</u> | <u>(7,958)</u> | <u>-0-</u> | <u>(413,776)</u> |
| Capital assets, net | <u>\$ 36,036</u> | | | <u>\$ 33,133</u> |

4. COMPENSATED ABSENCES:

The Alexandria City Marshal's obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of September 30, 2017, and thus, is not recognized in the accompanying financial statements.

5. INTERFUND RECEIVABLES AND PAYABLES:

A summary of the interfund receivables and payables by fund as of September 30, 2017, is presented below:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------|----------------------------------|-------------------------------|
| General Fund | \$ 12,700 | \$ -0- |
| Agency Fund | <u>-0-</u> | <u>12,700</u> |
| Totals | <u>\$ 12,700</u> | <u>\$ 12,700</u> |

REQUIRED SUPPLEMENTARY INFORMATION

Alexandria City Marshal
Statement of Revenues, Expenditures, and Changes
in Fund Balance-Budget (GAAP Basis) and Actual
For the year ended September 30, 2017

| | GENERAL FUND | | | | SPECIAL REVENUE FUND | | | |
|--|-------------------|-------------------|-------------------------------------|---|----------------------|------------------|-------------------------------------|---|
| | Original | Final | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) | Original | Final | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
| Revenues: | | | | | | | | |
| Court costs | \$ 314,100 | \$ 314,100 | \$ 269,308 | \$ (44,792) | \$ 3,700 | \$ 3,700 | \$ 3,302 | \$ (398) |
| Other revenue | - | - | 47,988 | 47,988 | - | - | - | - |
| Interest | - | - | 983 | 983 | - | - | - | - |
| Total revenues | 314,100 | 314,100 | 318,279 | 4,179 | 3,700 | 3,700 | 3,302 | (398) |
| Expenditures: | | | | | | | | |
| Salaries and wages | 125,000 | 125,000 | 124,236 | 764 | - | - | - | - |
| Payroll taxes | 2,000 | 2,000 | 1,852 | 148 | - | - | - | - |
| Advertising | 1,000 | 1,000 | 650 | 350 | - | - | - | - |
| Dues and subscriptions | 1,000 | 1,000 | 950 | 50 | - | - | - | - |
| Office equipment | 1,000 | 1,000 | - | 1,000 | - | - | - | - |
| Office maintenance | 1,000 | 1,000 | - | 1,000 | - | - | - | - |
| Miscellaneous | - | - | 2,184 | (2,184) | - | - | 797 | (797) |
| Office supplies | 18,000 | 18,000 | 13,227 | 4,773 | 900 | 900 | 675 | 225 |
| Janitorial | 500 | 500 | - | 500 | - | - | - | - |
| Postage | 2,500 | 2,500 | 1,469 | 1,031 | - | - | - | - |
| Cable | 900 | 900 | 974 | (74) | - | - | - | - |
| Travel | 24,000 | 24,000 | 23,484 | 516 | 800 | 800 | - | 800 |
| Equipment maintenance | 500 | 500 | - | 500 | - | - | - | - |
| Legal and professional | 26,000 | 26,000 | 76,591 | (50,591) | 2,000 | 2,000 | 2,000 | - |
| Computer software | 200 | 200 | 545 | (345) | - | - | - | - |
| Insurance | 10,000 | 10,000 | 16,471 | (6,471) | - | - | - | - |
| Police Jury | 50,000 | 50,000 | - | 50,000 | - | - | - | - |
| Vehicle expenses | 36,000 | 36,000 | 5,674 | 30,326 | - | - | - | - |
| Bond expense | 2,000 | 2,000 | - | 2,000 | - | - | - | - |
| Uniforms | 2,000 | 2,000 | 1,582 | 418 | - | - | - | - |
| Telephone | 9,000 | 9,000 | 7,506 | 1,494 | - | - | - | - |
| Water | 1,500 | 1,500 | 1,182 | 318 | - | - | - | - |
| Capital Expenditures | - | - | 5,055 | (5,055) | - | - | - | - |
| Total expenditures | 314,100 | 314,100 | 283,632 | 30,468 | 3,700 | 3,700 | 3,472 | 228 |
| Excess (deficiency) of revenues over expenditures | - | - | 34,647 | 34,647 | - | - | (170) | (170) |
| Fund balances, beginning | 155,121 | 155,121 | 155,121 | - | 66,335 | 66,335 | 66,335 | - |
| Fund balances, ending | \$ 155,121 | \$ 155,121 | \$ 189,768 | \$ 34,647 | \$ 66,335 | \$ 66,335 | \$ 66,165 | \$ (170) |

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

SUPPLEMENTARY INFORMATION

**Alexandria City Marshal
Schedule of Compensation, Benefits, and Other Payments
To Agency Head or Chief Executive Officer
For the year ended September 30, 2017**

Agency Head Marshal Terrance Grines (October 1, 2016-August 22, 2017)

Paid by Rapides Parish Police Jury

| | |
|------------------|-----------|
| Salary | \$ 54,993 |
| Retirement | 7,652 |
| Health Insurance | 18,191 |
| Life insurance | 82 |

Paid by Alexandria City Court

| | |
|-----------------------------------|--------|
| Marshal Commission - Garnishments | 63,821 |
| Marshal Commission - Court costs | 60,631 |

Paid by Alexandria City Marshal

| | |
|-------------------|-------|
| Salary | 710 |
| Seminars - Travel | 2,755 |
| Miscellaneous | 6,900 |

Paid by State of Louisiana

| | |
|--------------------|-------------------|
| State Supplemental | <u>5,567</u> |
| | <u>\$ 221,302</u> |

Agency Head Marshal Ricky Rachal (August 22, 2017-September 30, 2017)

Paid by Rapides Parish Police Jury

| | |
|------------------|----------|
| Salary | \$ 7,341 |
| Retirement | 340 |
| Health Insurance | 1,681 |
| Life insurance | 15 |

Paid by Alexandria City Court

| | |
|----------------------------------|--------|
| Marshal Commission - Court costs | 12,359 |
|----------------------------------|--------|

Paid by State of Louisiana

| | |
|--------------------|------------------|
| State Supplemental | <u>750</u> |
| | <u>\$ 22,486</u> |



OESTRIECHER & COMPANY

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CERTIFIED PUBLIC ACCOUNTANTS

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EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. DeSELLE, CPA

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*

Alexandria City Marshal
Alexandria, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of American 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 the Alexandria City Marshal, as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alexandria 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alexandria City Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria City Marshal's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and significant deficiencies.



A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses listed as items number 2017-001, 2017-002, and 2017-005.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency listed as item number 2017-004.

Compliance

As part of obtaining reasonable assurance about whether Alexandria City Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported on under *Government Auditing Standards* and are listed as items numbers 2017-003, 2017-006, 2017-007, and 2017-008.

Alexandria City Marshal's Response to Findings

Alexandria City Marshal's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Alexandria City Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 16, 2018

Alexandria City Marshal
Schedule of Findings and Questioned Costs
For the year ended September 30, 2017

Section I - Summary of Auditor's Reports

We have audited the basic financial statements of the Alexandria City Marshal as of and for the year ended September 30, 2017, and have issued our report thereon dated March 16, 2018. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2017 resulted in an unqualified opinion.

Section II - Financial Statement Findings

Report on Internal Control and Compliance Material to the Financial Statements

Finding 2017-001 – Job Description

Statement of Condition: The Alexandria City Marshal does not have a person on staff who has the qualifications and training to apply generally accepted accounting principles in recording financial transactions or preparing the financial statements.

Criteria: A reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Effect of Condition: The Alexandria City Marshal needed assistance in preparing the annual financial statements.

Cause of Condition: There was no written job description available to ensure hiring of staff that have appropriate training in applying generally accepted accounting principles.

Recommendation: The Alexandria City Marshal should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Questioned costs: None

Finding 2017-002 – Segregation of Duties

Statement of Condition: The Alexandria City Marshal does not have adequate segregation of duties within the administrative office.

Criteria: A system of internal control procedures requires a segregation of duties so that no individual handles a transaction from start to finish.

Effect of Condition: There could be a lack of oversight that could lead to improperly recorded transactions.

Cause of Condition: There is a small number of personnel employed by the Alexandria City Marshal.

Recommendation: The Alexandria City Marshal should monitor the assignment of duties to insure as much segregation of duties as possible.

Questioned costs: None

Finding 2017-003 – Misappropriation of Assets

Statement of Condition: The former deputy marshal revealed a misappropriation of assets by the former marshal.

Criteria: Theft of assets is the misappropriation or taking of anything of value which belongs to another, either without the consent of the other through the misappropriation or taking, or by means of fraudulent conduct, practices, or representations.

Effect of Condition: The deputy marshal diverted funds from other sources to cover the misappropriated funds.

Cause of Condition: Management overrode controls in place to commit the misappropriation of assets.

Recommendation: Controls should be implemented so that employees are aware that management is not allowed to take or use money from cash drawers.

Questioned costs: \$1,100

Finding 2017-004 – Bank Reconciliations Not Prepared

Statement of Condition: Bank reconciliations were not properly prepared for two bank accounts.

Criteria: All bank accounts should be properly prepared and agreed to the general ledger each month on a timely basis.

Effect of Condition: Unauthorized transactions would not be identified in a timely manner and adjustments to the general ledger would not be made in a timely manner.

Cause of Condition: Employee was unaware that there was a policy to reconcile all bank accounts on a monthly basis.

Recommendation: Provide training on proper bank account reconciliation procedures and have management review on a monthly basis.

Questioned costs: None

Finding 2017-005 – Invoices Not Available

Statement of Condition: Multiple vendor invoices to the prior marshal were not available for inspection by the auditor.

Criteria: All paid invoices should be filed and maintained in a manner that they can be located.

Effect of Condition: Theft could go undetected as there is no paper trail for disbursements.

Cause of Condition: The payments to the former marshal were unauthorized; therefore, the Alexandria City Marshal did not document the payments.

Recommendation: Accounting personnel should be trained on procedures related to record retention and no disbursements should be made without proper authorization.

Questioned costs: None

Finding 2017-006 – Supplemental Payments to Marshal

Statement of Condition: Checks were written to the former marshal as supplemental salary for clothing expense.

Criteria: Louisiana Statute RS 13:1881 states that the city marshal is not authorized to supplement his own salary.

Effect of Condition: The Alexandria City Marshal was not in compliance with Louisiana law.

Cause of Condition: Management was either ignorant or disobedient of law.

Recommendation: Alexandria City Marshal cannot supplement salary.

Questioned costs: \$710

Finding 2017-007 – Personal Funds Deposited

Statement of Condition: Personal deposits were made to the General Fund from former marshal.

Criteria: Personal funds of employees or elected officials should not be deposited in governmental entity bank accounts.

Effect of Condition: The Alexandria City Marshal was not in compliance with Louisiana law.

Cause of Condition: Management was either ignorant or disobedient of law.

Recommendation: Alexandria City Marshal cannot deposit personal funds.

Questioned costs: \$6,650

Finding 2017-008 – Miscellaneous Expenses to Marshal

Statement of Condition: Checks were written to the former marshal as reimbursement for personal deposits, and 1099s were not issued for disbursements.

Criteria: Funds should not be distributed to the marshal without business purpose.

Effect of Condition: The Alexandria City Marshal was not in compliance with Louisiana law.

Cause of Condition: Management was either ignorant or disobedient of law.

Recommendation: Alexandria City Marshal cannot use governmental funds as personal accounts.

Questioned costs: \$6,900

Section III - Federal Award Findings and Questioned Costs

There were no federal awards.

**Alexandria City Marshal
Summary Schedule of Prior Audit Findings
For the year ended September 30, 2017**

Section I – Internal Control and Compliance Material to the Financial Statements

Finding No. 2016-01 - The Alexandria City Marshal does not have a person on staff who has the qualifications and training to apply generally accepted accounting principles in recording financial transactions or preparing the financial statements.

Corrective action taken- Condition is not resolved. See Finding 2017-001.

Finding No. 2016-02 - The Alexandria City Marshal does not have adequate segregation of duties within the administrative office.

Corrective action taken- Condition is not resolved. See Finding 2017-002.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards.

**Alexandria City Marshal
P.O. Box 30
Alexandria, LA 71301**

March 16, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN

Alexandria City Marshal respectfully submits the following corrective action plan for the year ended September 30, 2016.

Name and address of contact person: Ricky Rachal, Alexandria City Marshal, P.O. Box 30, Alexandria, Louisiana 71301.

Name and address of independent public accounting firm: Oestriecheer and Company, CPAs, 4641 Windermere Place, Alexandria, Louisiana 71303-3548.

Audit period: October 1, 2016 through September 30, 2017.

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule. The Summary of Audit Results does not include findings and is not addressed.

FINDINGS-FINANCIAL STATEMENT AUDIT

FINDING 2017-001:

Recommendation: Alexandria City Marshal should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Action Taken: While management understands the nature of the finding and the necessity of personnel with qualifications that are higher than our current job descriptions, the benefits of hiring personnel with increased qualifications do not outweigh the costs.

FINDING 2017-002:

Recommendation: Alexandria City Marshal should monitor the assignment of duties to ensure as much segregation of duties as possible.

Action Taken: Employees will be monitored as effectively as possible with the limited staff.

FINDING 2017-003:

Recommendation: Controls should be implemented so that employees are aware that management is not allowed to take or use money from cash drawers.

Action Taken: Management involved with misappropriation of assets are no longer employed by the Alexandria City Marshal.

FINDING 2017-004:

Recommendation: Provide training on proper bank account reconciliation procedures, and have management review on a monthly basis.

Action Taken: The clerk will undergo training on the proper procedures to reconcile additional bank accounts.

FINDING 2017-005:

Recommendation: Accounting personnel should be trained on procedures related to record retention and no disbursements should be made without proper authorization.

Action Taken: Prior management and Marshal involved are no longer employed by Alexandria City Marshal.

FINDING 2017-006:

Recommendation: Alexandria City Marshal cannot supplement salary.

Action Taken: Prior management and Marshal involved are no longer employed by Alexandria City Marshal.

FINDING 2017-007:

Recommendation: Alexandria City Marshal cannot deposit personal funds to governmental accounts.

Action Taken: Prior management and Marshal involved are no longer employed by Alexandria City Marshal.

FINDING 2017-008:

Recommendation: Alexandria City Marshal cannot distribute funds to Marshal without 1099.

Action Taken: Prior management and Marshal involved are no longer employed by Alexandria City Marshal.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Marshal Ricky Rachal and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Alexandria 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 period October 1, 2016 through September 30, 2017. The Alexandria City Marshal's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Finding: The written policies related to budgeting do not include information on preparing, adopting, monitoring, or amending the budget.

- b. **Purchasing**, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.

Finding: The written policies related to purchasing do not include information on how purchases are initiated, how vendors are added, the preparation and approval process, or controls.



- c. ***Disbursements***, including processing, reviewing, and approving

Finding: The written policies related to processing, reviewing, and approving disbursements include procedures for the agency fund. The written policies do not include required information for the general fund or DWI fund.

- d. ***Receipts***, including receiving, recording, and preparing deposits

Finding: The written policies related to receiving, recording, and preparing deposits of receipts include procedures for the agency fund. The written policies do not include required information for the general fund or DWI fund.

- e. ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding: The written policies related to payroll processing, reviewing, and approving time and attendance records, including leave and overtime worked, include procedures for all of these elements.

- f. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions (3) approval process, and (4) monitoring process

Finding: The written policies related to contracting types of services requiring written contracts, standard terms and conditions of contracting, approval process, and monitoring process of contracting only includes provisions to address the approval process.

- g. ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Finding: The written policies related to how cards are to be controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage include steps to address all of these areas except how cards are controlled.

- h. ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which request must be submitted and (4) required approvers.

Finding: The written policies and procedures related to; allowable expenses, dollar thresholds by category of expense, documentation requirements, time-frame in which request must be submitted, and required approves for travel and expense reimbursement, includes provisions to ensure compliance and quality control in all of these areas.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

Finding: The written policies and procedures related to ethics, including the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, and a system to monitor possible ethics violations, include policies to mitigate risks related to these areas.

- j. **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Finding: Alexandria City Marshal does not have any debt. Written policies are not applicable.

Bank Reconciliation

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Finding: Alexandria City Marshal provided a listing of 4 bank accounts and represented the listing was complete. A money market account was not listed.

4. Using the listing provided by management, select 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 5 accounts. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a. Bank reconciliations have been prepared;

Finding: Bank reconciliations were prepared every month for the general fund operating and agency fine accounts. Reconciliations were not prepared for the MMA or DWI fund accounts.

- b. 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;

Finding: There was no month with evidence that a member of management, with no involvement in the transactions associated with the bank account, has reviewed and approved all bank reconciliations for every bank account's monthly statements.

- c. 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.

Finding: There was no month with evidence that management researched reconciling items.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Finding: Alexandria City Marshal provided a listing of 3 teller windows and the court room. Management represented that the listing was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Findings: Only one employee responsible for collecting cash also deposits cash, records cash transactions, and reconciles the bank accounts. None of the employees responsible for handling cash are bonded. Employees do not share cash drawers.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report 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 collection location selected.

Findings: Rhonda Henagan collects reconciles the cash accounts and agrees to the general ledger. She is also responsible for cash collections. There are no written procedures related segregation of duties related to cash receipts. The ACM does not have enough resources to properly segregate duties.

c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

Findings: Three deposits were made within one day of collection. One deposit was made within two days.

- ii. Using sequentially numbered cash receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions

Findings: All cash collections were supported by documentation.

7. Obtain existing written documentation (e.g. policy manual written procedure) and report 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 (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

Findings: The Alexandria City Marshal does not have a policy to segregate the collection process from the recording process.

Disbursements – General

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: Alexandria City Marshal provided a list of all disbursements and represented the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Findings: Alexandria City Marshal does not use a requisition/purchase order system. This is not applicable.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Findings: There were no written signatures showing approval.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: Not applicable. Alexandria City Marshal does not utilize purchase orders.

- 10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: Alexandria City Marshal does not have a written procedure concerning adding vendors to process payments. Invoices are received by the Marshal. The Marshal either pays the vendor or tells the clerk to pay the vendor. Bookkeeping is recorded after the transaction has already been completed.

- 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Findings: Alexandria City Marshal does not have a written procedure concerning final authorization and signature authority. Purchases on the general fund are recorded by an outside CPA firm.

- 12. Inquire of management and observe 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, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Findings: All blank checks are kept on the clerk's desk in binders. The clerk's office is not always locked when she is not present.

13. If a signature stamp or signature machine is used, inquire 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. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Findings: Not applicable. Alexandria City Marshal does not use a signature stamp.

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

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

Findings: Alexandria City Marshal has 2 authorized credit card users and four credit cards.

| | |
|---|------------|
| Marshal Ricky Rachal (Prior-Marshal Terence Grines) | Card #8502 |
| Marshal Ricky Rachal (Prior-Marshal Terence Grines) | Card #2386 |
| Marshal Ricky Rachal (Prior-KC Dickinson) | Card #4005 |
| Rhonda Henagan (Prior-KC Dickinson) | Card #3700 |

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

Obtain the monthly statements, or combined statements, if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card and:

- a. Report 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.]

Findings: There was no evidence that the monthly statements tested were reviewed or approved.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: There were no finance charges or late fees to document and report.

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

- a. For each transaction, report whether the transaction is supported by
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Findings: Of the 90 items tested, 38 items did not contain an original itemized receipt. Only 2 items included a documented business purpose.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchase/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.

Findings: There were no purchases large enough to qualify for the Louisiana Public Bid Law.

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or 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.

Findings: There were no exceptions to report.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Findings: The Alexandria City Marshal provided the general ledger which contained all travel reimbursements and represented that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed the GSA rates.

Findings: The Alexandria City Marshal's written policies set per diem rates at the rate set by the Louisiana Supreme Court. The Louisiana Supreme Court refers to the IRS federal mileage rate. The GSA and IRS both set mileage rates at 53.5 cents per mile. The Alexandria City Marshal's travel and expense reimbursement policies are in agreement with the GSA. The per diem allowed by GSA for travel to Fort Walton Beach during time of travel was \$64 per day. Alexandria City Marshal paid employees \$118 per day.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#18 above) and report each reimbursement that exceeded those rates.

Findings: The mileage reimbursement for KC, Terence, and Ricky's trip to the Florida conference "Nuts & Bolts Seminar" exceeds the rates established by GSA. The GSA sets per diem rates at \$64 per day for June 2017. The Alexandria City Marshal reimbursed KC, Terence, and Ricky \$118 per day for meal allowance. This appears to be an amount in excess of the GSA rates.

- b. Report whether each expense is supported by:

- i. 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.]

Findings: All 3 expenses were reimbursed based on an established per diem amount and are not required to have a receipt.

- ii. Documentation of business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

Findings: These 3 expenses are supported by documentation that the public purpose of this conference was to attend seminars designed to increase their knowledge and proficiency.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Findings: All 3 expenses were reimbursed based on an established per diem amount and are not required to have a receipt.

- c. Compare the entity's documentation of business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference 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.

Findings: The Alexandria City Marshal's documentation of the business/public purpose of these travel expenses are in compliance with the requirements of Article 7, Section 14 of the Louisiana Constitution.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: There was no written documentation that someone other than the person receiving the reimbursement reviewed and approved the disbursement.

Contracts

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

Findings: There were no contracts during Alexandria City Marshal's fiscal period.

21. Using the listing above, select 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). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Findings: This is not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - i. 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)
 - ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Findings: This is not applicable.

- c) Report 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 amendment.

Findings: This is not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Findings: This is not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Findings: This is not applicable.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review 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.

Findings: Auditor could not find any information concerning employment contracts or pay rates in employee personnel files.

- b) Review 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.

Findings: Auditor could not find any information concerning pay rates or salary changes in employee personnel files.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 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) Report 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.)

Findings: Two of the four applicable employees of this test documented daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Findings: There is written documentation of the supervisor's approval, and there are no exceptions to report.

- c) Report 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.

Findings: Vacation time used was documented, but vacation time earned and remaining were not recorded.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: Alexandria City Marshal provided a list of terminated employees. No termination payments were made through Alexandria City Marshal.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Findings: The employee and employer portions of payroll taxes and retirement contributions, including the required reporting forms, were submitted to the applicable agencies by the required deadlines without any exceptions to report.

Ethics (excluding nonprofits)

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

Findings: There were two certificates of completion provided to demonstrate that required ethics training was completed for two employees.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: No findings to report.

Debt Service (excluding nonprofits)

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

Findings: Not applicable. Alexandria City Marshal did not issue any debt during the period.

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

Findings: This is not applicable as Alexandria City Marshal did not have any outstanding debt during the fiscal period.

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

Findings: This is not applicable as Alexandria City Marshal did not have any tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings: A letter dated June 27, 2017 was sent to the legislative auditor concerning misappropriations of public funds.

32. Observe and report 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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings: Alexandria City Marshal did not have the notice required by R.S. 24:523.1 as of AUP testing. The notice was posted as of 02/14/18.

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

Findings: Any exceptions were noted on the appropriate AUP workpaper.

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 SAUP's. 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.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

March 16, 2018

Alexandria City Marshal
Louisiana Legislative Auditor's Finding Template for Reporting
Fraud and Misappropriations
For the year ended September 30, 2017

| # | ELEMENT OF FINDING | RESPONSE |
|----|--|--|
| 1 | A general statement describing the fraud or misappropriation that occurred. | The former deputy marshal revealed a misappropriation of assets by the former marshal. |
| 2 | A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment). | The former marshal would take money from the cash drawers and repay the money at a later date. |
| 3 | The amount of funds or approximate value of assets involved. | \$1,100 |
| 4 | The department or office in which the fraud or misappropriation occurred. | Alexandria City Marshal |
| 5 | The period of time over which the fraud or misappropriation occurred. | Unknown |
| 6 | The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation. | Alexandria City Marshal |
| 7 | The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated. | The former marshal, Terence Grines, would take funds from the cash drawer. The former deputy marshal repayed all outstanding amounts owed by the former marshal. No formal charges were filed. |
| 8 | Is the person who committed or is believed to have committed the act of fraud still employed by the agency? | No |
| 9 | If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation? | No longer employed by Alexandria City Marshal |
| 10 | Has the agency notified the appropriate law enforcement body about the fraud or misappropriation? | Unknown – Terence Grines was arrested on other related charges. He pled guilty in March 2018. |
| 11 | What is the status of the investigation at the date of the auditor's/accountant's report? | All amounts repayed. |
| 12 | If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person? | Unknown – Terence Grines was arrested on other related charges. He pled guilty in March 2018. |
| 13 | What is the status of any related adjudication at the date of the auditor's/accountant's report? | Terence Grines was arrested on other related charges. He pled guilty in March 2018. |

Alexandria City Marshal
Louisiana Legislative Auditor's Finding Template for Reporting
Fraud and Misappropriations
For the year ended September 30, 2017

| | | |
|----|--|---|
| 14 | Has restitution been made or has an insurance claim been filed? | Restitution was made before the audit period ended. |
| 15 | Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only) | Yes. Information was communicated in writing on June 27, 2017. |
| 16 | Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner? | No |
| 17 | If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner. | Management overrode controls in place to commit the misappropriation of assets. See audit finding 2017-003. |
| 18 | Management's plan to ensure that the fraud or misappropriation does not occur in the future | Marshal and deputy marshal involved are no longer employed. |