

MINUTES OF A REGULAR MEETING OF THE MAYOR AND COUNCIL, TOWN OF SORRENTO, TUESDAY, SEPTEMBER 5, 2017, 6:00 P.M., SORRENTO TOWN HALL, SORRENTO, LOUISIANA

Members Present:

Councilmen: Randy Anny, Wanda Bourgeois, Randi Sutton, Donald Schexnaydre

Mayor: Michael Lambert

Town Clerk: Paige Robert

Absent: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to add Leslie Kling and the discussion of Gail St. to the agenda. Motion carried. Vote as follows:

YEAS: Randi Sutton, Wanda Bourgeois, Donald Schexnaydre, Randy Anny

NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to approve the minutes of the regular meeting of the mayor and council taken Tuesday August 1, 2017. Motion carried. Vote as follows:

YEAS: Randi Sutton, Wanda Bourgeois, Donald Schexnaydre, Randy Anny

NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to approve the bills for the month of August 2017 in the amount of \$58,229.47. Motion carried. Vote as follows:

YEAS: Wanda Bourgeois, Donald Schexnaydre, Randy Anny, Randi Sutton

NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to adopt the millage rate of 6.210 mills. Motion carried. Vote as follows:

YEAS: Donald Schexnaydre, Randy Anny, Randi Sutton, Wanda Bourgeois,

NAYS: None ABSENT: Patti Poche

RESOLUTION

BE IT RESOLVED, that the following millage(s) are hereby levied on the 2017 tax roll on all property subject to taxation by Town of Sorrento:

MILLAGE

General Alimony

6.210 mills

BE IT FURTHER RESOLVED that the proper administrative officials of the Parish of Ascension, State of Louisiana, be and they are hereby empowered, authorized, and directed to spread said taxes, as hereinabove set forth, upon the assessment roll of said Parish for the year 2017, and to make the collection of the taxes imposed for and on behalf of the taxing authority, according to law, and that the taxes herein levied shall become a permanent lien and privilege on all property subject to taxation as herein set forth, and collection thereof shall be enforceable in the manner provided by law.

The foregoing resolution was read in full, the roll was called on the adoption thereof, and the resolution was adopted by the following votes:

YEAS: Donald Schexnaydre, Randy Anny, Randy Sutton, Wanda Bourgeois

NAYS: None

ABSTAINED: None  
ABSENT: Patti Poche

CERTIFICATE

I hereby certify that the foregoing is a true and exact copy of the resolution adopted at the board meeting held on September 5, 2017, at which meeting a quorum was present and voting. Sorrento, Louisiana, this 5<sup>th</sup> day of September 2017.

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to install No Parking signs on the east side of Walker St. thus making the entire length of Walker St. no parking. Motion carried. Vote as follows:

YEAS: Randy Anny, Randi Sutton, Wanda Bourgeois, Donald Schexnaydre  
NAYS: None ABSENT: Patti Poche

Motion by Councilman Donald Schexnaydre and seconded by Councilman Wanda Bourgeois to accept the engagement letter from Percy, Lanoux, and Mumphrey. Motion carried. Vote as follows:

YEAS: Randi Sutton, Wanda Bourgeois, Donald Schexnaydre, Randy Anny  
NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to accept the engagement letter for the statewide agreed upon procedures for the fiscal year ending June 30, 2017 from Diez, Dupuy, and Ruiz, LLC. Motion carried. Vote as follows:

YEAS: Wanda Bourgeois, Donald Schexnaydre, Randy Anny, Randi Sutton  
NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to accept the engagement letter for the financial statement audit for the fiscal year ending June 30, 2017 from Diez, Dupuy, and Ruiz, LLC. Motion carried. Vote as follows:

YEAS: Donald Schexnaydre, Randy Anny, Randi Sutton, Wanda Bourgeois  
NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to declare 20 light poles as surplus and bring to scrap yard. Motion carried. Vote as follows:

YEAS: Donald Schexnaydre, Randy Anny, Randi Sutton, Wanda Bourgeois  
NAYS: None ABSENT: Patti Poche

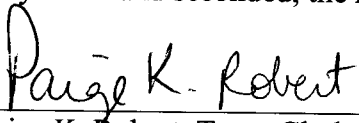
Motion by Councilman Randy Anny and seconded by Councilman Donald Schexnaydre to add sewer service feasibility proposal to the agenda. Motion carried. Vote as follows:


YEAS: Randy Anny, Randi Sutton, Wanda Bourgeois, Donald Schexnaydre  
NAYS: None ABSENT: Patti Poche

Motion by Councilman Randy Anny and seconded by Councilman Wanda Bourgeois to accept the sewer service feasibility proposal from All South Consulting Engineers dated June 27, 2016 with a fee not to exceed \$17,000, and for the mayor to sign all necessary documents for this proposal. Motion carried. Vote as follows:

YEAS: Randi Sutton, Wanda Bourgeois, Donald Schexnaydre, Randy Anny  
NAYS: None ABSENT: Patti Poche

There being no further business to be brought before the Mayor and Council, on motion duly made and seconded, the meeting was adjourned.

  
Paige K. Robert, Town Clerk

  
Michael Lambert, Mayor

Michael "Mike" Lambert  
Mayor

Marvin Martin  
Mayor Pro-Tem

Paige K. Robert  
Town Clerk

# Sorrento<sup>o</sup>

LOUISIANA

Councilmen  
Donald Schexnaydre  
Randy Anny  
Patti Poche  
Wanda Bourgeois

## RESOLUTION

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### MILLAGE

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6.210 mills

BE IT FURTHER RESOLVED that the proper administrative officials of the Parish of Ascension, State of Louisiana, be and they are hereby empowered, authorized, and directed to spread said taxes, as hereinabove set forth, upon the assessment roll of said Parish for the year 2017, and to make the collection of the taxes imposed for and on behalf of the taxing authority, according to law, and that the taxes herein levied shall become a permanent lien and privilege on all property subject to taxation as herein set forth, and collection thereof shall be enforceable in the manner provided by law.

The foregoing resolution was read in full, the roll was called on the adoption thereof, and the resolution was adopted by the following votes:

YEAS: Donald Schexnaydre, Randy Anny, Randy Sutton, Wanda Bourgeois

NAYS: None

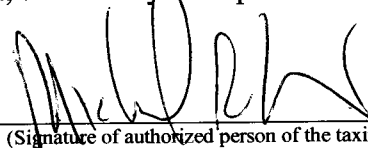
ABSTAINED: None

ABSENT: Patti Poche

## CERTIFICATE

I hereby certify that the foregoing is a true and exact copy of the resolution adopted at the board meeting held on September 5, 2017, at which meeting a quorum was present and voting.

Sorrento, Louisiana, this 5<sup>th</sup> day of September 2017.



(Signature of authorized person of the taxing district)

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**PERCY · LANOUX**  
PERCY, LANOUX & MUMPHREY  
ATTORNEYS AT LAW

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Matthew I. Percy  
mpercy@percylaw.com

July 31, 2017

Town of Sorrento  
ATTN: Mayor Mike Lambert  
P.O. Box 65  
Sorrento, Louisiana 70778

**Re: *Engagement Letter Agreement***

Dear Mayor Lambert:

I would like to thank you for appointing me Attorney for the Town of Sorrento. It is my goal to provide the most efficient and cost-effective legal services and representation to you and the Town of Sorrento. As we have previously discussed, for the purpose of efficiency, all communications concerning my legal representation of the Town of Sorrento shall be directly from you.

It is our policy to bill clients at the end of each month. Payment is due upon receipt of the bill. All services are billed on an hourly basis, with established hourly rates as set out below.

I. **Fees:** The attorney's fee charged is based upon the amount of time spent on the client's case. I will use my professional judgment in determining the most economical use of time on client's case; however, the Town of Sorrento will be billed for all time spent including, but not limited to, conferences, telephone calls, research, investigation, preparation of case, drafting of documents, correspondence, negotiations, pleadings, court appearances, legal discovery, and travel time to locations away from my office. It is impossible to determine in advance how much time will be needed on any particular issue and as such, any figures given for the total cost of legal services are merely estimates. Circumstances may arise and adversaries may engage in unanticipated activities which may require that more time be spent on a case than originally anticipated.

Billing is performed in increments of one-tenth (1/10) of an hour as a minimum. The billing statement will detail the work performed and time spent during the month, as well as all expenses and costs incurred during the month. If any questions should arise with regard to the services performed or items billed, I will be available to discuss them with you. Accordingly, effective August 1, 2017, my hourly rate will be as follows:

Matthew I. Percy

\$150.00 per hour

You agree that I may, within my discretion, assign certain duties relative to my representation of the Town of Sorrento to my associate(s), law clerk(s), or paralegal(s), all of whom are under my supervision. This will be done primarily to benefit you from a cost standpoint. Accordingly, effective August 1, 2017, the aforementioned hourly rates will be as follows:

Associate Attorney	\$ 125.00
Law Clerk	\$ 100.00
Paralegal	\$ 65.00

II. **Costs:** All costs and expenses are in addition to fees and are to be paid in advance or immediately upon billing. Costs and expenses include but are not limited to court charges, copies, postage, federal express, courier, telephone, telegraph, telecopier, travel, mileage, parking, special materials, exhibits, photographs, court reporter fees for depositions, investigators, experts, and other disbursements.

III. **Billing:** All statements are payable within 15 days. Legal interest may apply to past due accounts until paid. The Town of Sorrento agrees to pay reasonable attorney fees and costs of collection if legal action is taken to collect fees or costs due attorney.

IV. **File:** The Town of Sorrento will be furnished copies of significant correspondence and pleadings as the case progresses, which will constitute the client's file. The attorney's file in this matter is attorney's property. Original documents which are the Town of Sorrento's property will be returned to the Town of Sorrento upon reasonable advance request. The Town of Sorrento is entitled to the work product of attorney only if all fees and costs have been paid; otherwise, the Town of Sorrento has no claim to attorney's work product. The Town of Sorrento must prepay the charges for copying the above items from attorney's file.

The Town of Sorrento has been informed that the results of any legal action cannot be guaranteed or predicted with certainty.

The Town of Sorrento understands that this is a legally binding contract and that by signing below, the Town of Sorrento agrees that it has fully read and understands this contract.

Again, I greatly appreciate the opportunity to serve you and I look forward to a continued relationship. If you have any questions, please feel free to contact me at any time.

July 31, 2017  
Mayor Mike Lambert  
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Please sign the original of this engagement letter and we will keep it in our files while providing a copy to you for your use.


Very truly yours,

**PERCY, LANOUX, MUMPHREY & MARTIN**

  
Matthew I. Percy

MIP/hmc

**ACCEPTED BY:**

THE TOWN OF SORRENTO  
BY:   
MIKE LAMBERT, MAYOR

DATED: Sept 6, 2017



July 19, 2017

To the Honorable Mayor and  
Members of the Town Council  
Sorrento, Louisiana

Dear Mayor Michael Lambert:

As certified public accountants licensed to practice in Louisiana, we are pleased to confirm our understanding of the services we are to provide Town of Sorrento as of and for the year ended June 30, 2017.

***Audit Scope***

We will audit the financial statements of the governmental activities, the business-type activities, and each major fund, including the notes to the financial statements, which collectively comprise the basic financial statements, of Town of Sorrento as of and for the year ended June 30, 2017.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Sorrento's 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Sorrento's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's discussion and analysis
2. Budgetary comparison information
3. Schedule of proportionate share of the net pension liability
4. Schedule of pension contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Sorrento's financial statements. We will subject the following supplementary information to the auditing procedures applied in our 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 and will provide an opinion on it in relation to the financial statements as a whole:

1. Schedule of compensation, benefits, and other payments to agency head

See Exhibit 1 to this engagement letter.

### *Audit Objectives*

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles, and to report on the fairness of the supplementary information referred to in the fourth paragraph of the previous section, when considered in relation to the financial statements taken as a whole. The objective also includes reporting on:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements, in accordance with *Government Auditing Standards*.
- The reports on internal control and compliance will each include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and other procedures we consider necessary to enable us to express such opinions and to render the required reports. Our audit will comply with the provisions of Louisiana Revised Statute 24:513 and the provisions of the Louisiana Governmental Audit Guide, published jointly by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the financial statements is other than unmodified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement. Should such situation arise, we will notify you and the Legislative Auditor.

We will use professional judgment in determining the standards that apply to the work to be conducted. If this engagement will not satisfy the requirements of all audit report users, laws, and regulations, we will notify you as soon as this comes to our attention. We will then submit another engagement letter for your approval that complies with the applicable requirements and will seek approval of the Legislative Auditor for the engagement. We will consider all standards that may apply, but in particular, we will determine whether a different type of engagement is needed based on:

- State of Louisiana's audit law.
- Audit requirements of *Government Auditing Standards*.
- Bond requirements, either to issue bonds or as a bond indenture provision.
- Other contractual requirements.



### ***Audit Procedures—General***

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any fraudulent financial reporting, misappropriation of assets, or material abuse that come to our attention, and will also notify the Legislative Auditor in writing. Furthermore, should we become aware of fraud or misappropriation of assets, we shall also notify the appropriate enforcement agency, including the local district attorney and sheriff. We will also inform the appropriate level of management of any material errors or violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required by *Government Auditing Standards* and the Louisiana Governmental Audit Guide. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

### ***Audit Procedures—Internal Controls***

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements, and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

### ***Audit Procedures—Compliance***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Sorrento's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

### ***Management's Responsibilities***

Management of Town of Sorrento is responsible for the basic financial statements and all accompanying information, as well as all representations contained therein. Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You agree to assume all management responsibilities for any nonaudit services we provide; oversee the services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met and that there is reasonable assurance that government programs are administered in compliance with compliance requirements. You are also responsible for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Sorrento and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it is necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming in the written representation letter that the effects of any uncorrected misstatements, aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others.

In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (a) you are responsible for presentation of the supplementary information in accordance with GAAP; (b) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (c) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (d) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### ***Audit Administration, Fees, and Other***

Immediately upon completion of the engagement, the auditor shall send a copy of the reporting package to Town of Sorrento and the Legislative Auditor. The reporting package will consist of:

1. An opinion (or disclaimer of opinion) as to whether the financial statements are presented fairly in all material respects in conformity with accounting principles generally accepted in the United States and, when applicable, an opinion (or disclaimer of opinion) as to whether the schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole. It is our understanding that these statements will include a schedule of per diem paid to the board members and a schedule of expenditures of federal awards (if applicable). The schedule(s) will be reviewed as part of our audit in an attempt to provide supplemental information assurance on these schedules as part of our audit report.
2. A report on internal control and compliance with laws and regulations material to the financial statements and, when applicable, major federal programs. This report shall describe the scope of testing of internal control and compliance, the results of the tests, and, where applicable, refer to the separate schedule of findings and questioned costs. The state laws and regulations included in this report shall include all of the compliance matters included in the Louisiana Compliance Questionnaire.

3. A report on internal control and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on major federal programs. The report will include an opinion (or disclaimer of opinion) as to whether you have complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on each major program, and, where applicable, refer to the separate schedule of findings and questioned costs.
4. If applicable, a summary schedule of findings and questioned costs.
5. If applicable, a summary schedule of the current status of any prior findings, which you will prepare.
6. Management's corrective action plans, which you will prepare.
7. If applicable, a management letter to convey suggestions and recommendations not suitable for the foregoing reports. We will ask you to respond to any matters included in the management letter and include your response as a part of the issued management letter, or you may place your response to these matters in your corrective action plan.

We will assist you in the preparation of the data collection form and sign, or disclaim, the form. In the preparation of the form should there be any material disagreements, we reserve the right to refuse to sign the form and report such matters to the appropriate federal officials and the Legislative Auditor.

Either the auditor or Town of Sorrento shall send a copy of the report, any management letter, and management's corrective action plan, if applicable, to each member of the governing board, each federal grantor agency providing direct federal assistance and the federal cognizant agency, and to each state grantor agency and any state cognizant agency, if applicable.

Our audit will include a review of any prior-year suggestions and recommendations and will indicate the extent to which the summary schedule of prior year audit findings is fairly stated. As to any current-year recommendations and suggestions, we will afford you the opportunity to respond to such matters and will include your response(s) in management's corrective action plan.

The audit documentation for this engagement is the property of Diez, Dupuy & Ruiz, LLC, and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Louisiana Legislative Auditor or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Diez, Dupuy & Ruiz, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. We will follow the Legislative Auditor's policy regarding confidentiality of audit/engagement documentation found at Section 350.02 of the Louisiana Governmental Audit Guide when giving access to audit documentation to any parties other than named individuals and organizations.

Should we become aware of any illegal acts, we shall make our audit documentation available to the local district attorney or any other state or federal enforcement or regulatory agency without liability. The audit documentation shall be retained by Diez, Dupuy & Ruiz, LLC for a minimum of five years after the issuance of the report.

Subsequent to the issuance of the report, should it be necessary to alter or reissue the report and/or any management letter, Diez, Dupuy & Ruiz, LLC shall distribute such reissued report and/or management letter in the same manner as the original report and management letter.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to Town of Sorrento; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Louisiana Legislative Auditor. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately November 1, 2017 and to issue our reports no later than December 31, 2017.

Anthony V. Ruiz is the engagement partner and is responsible for supervising the engagement and signing the report. It is our understanding that you have assigned Paige Robert of your staff (8173 Main St., Sorrento, LA 70778 and 225-675-5355 as your representative during the engagement.

Our fees for all services, including out-of-pocket cost, which we estimate, will not exceed \$13,000. This fee is based on the assumption that you will provide assistance, anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Any amendments to the not-to-exceed amount of the fees will be in writing and signed by both our firm and the Town of Sorrento. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

The Legislative Auditor will be notified immediately, in writing, if our audit is cancelled or if there are any significant disagreements. The Legislative Auditor will be notified, immediately, in writing if there are any changes in this agreement or if there are any restrictions placed on our staff during the audit that would impact the scope of the audit, which includes the failure to produce required records in a timely manner, or the nature of the tests required under the previously discussed standards. If federally-assisted programs are involved, we are required to notify (the cognizant or oversight agency).

During the course of our audit, it is possible that we may observe opportunities for economies of operation and for improved internal administrative and accounting controls, or we may observe variances with applicable laws and regulations or other matters that should be brought to your attention. Our comments and recommendations concerning such matters, if any, will be conveyed to you in writing.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Diez, Dupuy and Ruiz, LLC is newly formed company as of August 2016 and the due date to complete the first peer review is March 31, 2018.

You may request that we perform additional nonattest services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Under the provisions of *Government Auditing Standards*, our ability to provide nonattest services may result in an impairment of our independence, and therefore may be limited for the duration of this engagement and for the period covered by this engagement. We will consult those standards and the Louisiana Legislative Auditor to determine whether such an impairment exists, prior to the performance of any nonattest services.

These limited procedures may not meet the needs of all users of audit reports, who may require additional information and assurances on internal control and compliance with laws and regulations. In accordance with *Government Auditing Standards*, you should consider whether additional testing of controls and compliance are necessary to supplement the financial statement audit's coverage of these areas and to meet the reasonable needs of report users. These additional needs are quite often met in the following two ways:

- Supplemental (or agreed-upon) procedures or an examination resulting in an opinion.

We are available to discuss the expanded needs of report users, the nature of this expanded work, and the degree to which these type examinations, or other examinations, will meet the needs of the parish and its report users.

#### ***Approval***

We appreciate the opportunity to be of service to Town of Sorrento, and believe this letter accurately summarizes the significant terms of our engagement. If these comments and arrangements meet with your approval, please sign below and return the agreement to us.

In accordance with the provisions of state law, this engagement agreement must be approved by the Legislative Auditor prior to commencement of our work. Upon your signature and approval, we will seek approval of the Legislative Auditor of this engagement.

We look forward to a pleasant association and the opportunity to provide the services included in this engagement. If you have any questions, please let us know.

Very truly yours,



Diez, Dupuy & Ruiz

## **Exhibit 1 to Engagement Letter**

Professional standards require that we provide those charged with governance of the Town of Sorrento with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since two-way dialogue can provide valuable information for the audit process.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards**

Our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the internal control of Town of Sorrento. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of Town of Sorrento's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on Schedule of Compensation, Benefits, and Other Payments to Agency Head, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Planned Scope, Timing of the Audit, and Other**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

This information is intended solely for the use of Honorable Mayor, Members of the Town Council and management of Town of Sorrento and is not intended to be, and should not be, used by anyone other than these specified parties.



RESPONSE:

This letter correctly sets forth the understanding of Town of Sorrento.

Management signature: Michael R. Blum

Title: Mayor

Date: Sept 6 2017

This letter correctly sets forth the understanding of governance of Town of Sorrento.

Governance signature: Michael R. Blum

Title: Mayor

Date: Sept 6 2017



July 19, 2017

To the Honorable Mayor and  
Members of the Town Council  
Sorrento, Louisiana

Dear Mayor Michael Lambert:

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for the Town of Sorrento, Louisiana.

We will apply the agreed-upon procedures listed in the attached schedule that were specified and agreed to by the Town of Sorrento to assist the Town of Sorrento in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2017. The SAUPs encompass certain internal controls and compliance with laws and regulations specified by the LLA. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of the procedures performed or to be performed is solely the responsibility of the Town of Sorrento, and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination or review, we will not express an opinion or conclusion on the SAUPs. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will issue a written report upon completion of our engagement that lists the procedures performed, our findings, and management's response(s) to our findings. Our report will be addressed to the Town of Sorrento and will be published on the LLA's website as a public document. If, for any reason, we are unable to complete any of the procedures, we will describe any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. This report is intended solely for the use of the Town of Sorrento and the LLA and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations (other than those encompassed under the SAUPs); however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the SAUPs that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the SAUPs, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

You are responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are responsible for, and agree to provide us with, a written assertion about the SAUPs. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the Town of Sorrento from whom we determine it necessary to obtain evidence relating to performing those procedures.

Tony Ruiz is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures on approximately November 1, 2017 and, unless unforeseeable problems are encountered, the engagement should be completed by December 31, 2017. At the conclusion of our engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for internal controls and compliance with laws and regulations relative to the SAUPs.

We estimate that our fees for these services will range from \$2,000 to \$3,000. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

It is understood that our working papers are confidential information. However, we will make those working papers available to any successor auditor, LLA, or recognized external quality control review organizations as requested. We will retain the working papers for five years.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, or the procedures need to be modified, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter.

Respectfully submitted,

*Diez, Dupuy & Ruiz*

Diez, Dupuy & Ruiz

**APPROVED BY:**

By: *Michael*

Title: *Mayor*

Date: *Sept 6 2017*

Phone No. *225-675-5337*