

**Monroe City Marshal  
Monroe, Louisiana**

**Basic Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended  
April 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/7/07

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

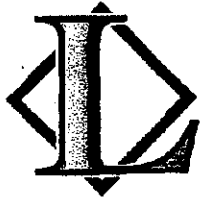
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**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

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**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report**

Mr. Wince Highshaw  
Monroe City Marshal  
Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Monroe City Marshal, a component unit of the City of Monroe, as of and for the year ended April 30, 2007, which collectively comprise the Monroe City Marshal's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe City Marshal. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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 Monroe City Marshal as of April 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2007, on our consideration of the Monroe 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison information on pages 22 through 23 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Letten Associates, LLC*

Monroe, Louisiana

July 20, 2007

***Management's Discussion and Analysis***

**WINCE HIGHSHAW, JR.**  
MARSHAL  
MONROE, LOUISIANA  
OUACHITA PARISH

ROBERT CHERRY, JR.  
CHIEF DEPUTY MARSHAL

LT. AUDWINA MARTIN  
ADMINISTRATIVE ASSISTANT

P. O. BOX 777  
MONROE, LOUISIANA 71210-0777  
(318) 329-2585 OR 329-2532  
FAX (318) 329-2632

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Monroe City Marshal's financial performance provides an overview for the Marshal's financial activities for the fiscal year ended April 30, 2007. Please read it in conjunction with the Marshal's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

The Marshal's net assets increased by \$175,929 from 2006 to 2007.

The Marshal's total program revenues were \$431,579 in 2007 compared to \$238,814 in 2006, an increase of \$192,765.

During the year ended April 30, 2007, the Marshal had total expenses, excluding depreciation, of \$1,056,730.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Marshal's Office as a whole. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Marshal's most significant funds. The remaining statements provide financial information about activities for which the Marshal acts solely as a trustee or agent for the benefit of those outside of the Marshal. The Marshal is an independently elected official. However, the Marshal is fiscally dependent on the City of Monroe for office space and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the Marshal is fiscally dependent on the City of Monroe, the Marshal was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the Marshal.

## **Reporting the Funds Maintained by the Marshal as a Whole**

### ***The Statement of Net Assets and the Statement of Activities***

Our analysis of the funds maintained by the Marshal as a whole begins on page 5. One of the most important questions asked about the Marshal's finances is "Is the Marshal as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, on pages 8 and 9 - 10, respectively, report information about the funds maintained by the Marshal as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken in account regardless of when cash is received or paid.

These two statements report the Marshal's net assets and changes in them. You can think of the Marshal's net assets - the difference between assets and liabilities - as one way to measure the Marshal's financial health, or financial position. Over time, increases or decreases in the Marshal's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the Marshal as governmental activities.

Governmental activities - all of the expenses paid from the funds maintained by the Marshal are reported here which consists primarily of salaries, related benefits, automobile allowance, certain materials and supplies, communication services, repairs and maintenance and other program services. Fees for services (court costs), bond forfeitures, and on-behalf payments from the City of Monroe finance most of these activities.

## **Reporting the Most Significant Funds Maintained by the Marshal**

Our analysis of the major funds maintained by the Marshal begins on page 6. The fund financial statements begin on page 8 and provide information about the most significant funds maintained by the Marshal - not the Marshal as a whole. However, the Marshal establishes other funds to help it control and manage money for particular purposes to show that it is meeting legal responsibilities for using certain fees. The Marshal governmental funds use the following accounting approaches.

Governmental funds - All of the Marshal's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Marshal's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Marshal expenses. We describe the relationship (or differences) between



governmental activities (reported in the Statement of Activities) and governmental funds in a reconciliation in Note 1 to the financial statements.

### The Marshal as Trustee

The Marshal is the trustee, or fiduciary, for sales and seizure and garnishment funds. All of the Marshal's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 11. We exclude these activities from the Marshal's other financial statements because the Marshal cannot use these assets to finance its operations. The Marshal is responsible for ensuring that the assets reported in these funds are used their intended purpose.

### THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE

The Marshal's total net assets changed from a year ago, increasing from a year ago from \$180,225 to \$356,154. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2007 and 2006.

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
Current assets	\$ 223,265	\$ 74,401
Capital assets, net	151,235	138,755
Total assets	<u>374,500</u>	<u>213,156</u>
Current liabilities	14,905	27,167
Noncurrent liabilities	3,441	5,764
	<u>18,346</u>	<u>32,931</u>
Net assets:		
Investment in capital assets, net of debt	147,794	132,991
Unrestricted	208,360	47,234
Total net assets	<u>\$ 356,154</u>	<u>\$ 180,225</u>

Net assets of the funds maintained by the Marshal's governmental activities increased by \$175,929. Unrestricted net assets, the part of net assets that can be used to finance the Marshal's expenses without constraints or other legal requirements, increased by \$161,126 from \$47,234 to \$208,360. The primary increase in total net assets and unrestricted net assets was attributable to a significant increase (\$132,534) in the fees paid to the Marshal by the City Court of Monroe.

**Table 2**  
**Change in Net Assets**

	Governmental Activities	
	2007	2006
Revenues:		
Program revenues:		
Marshal's fees and other charges	\$431,579	\$238,814
General Revenues:		
Bond forfeitures and intergovernmental	808,881	781,557
Total revenues	1,240,460	1,020,371
Expenses:		
General governmental - judicial	1,064,530	972,365
Increase in net assets	\$ 175,930	\$ 48,006
Fund Balance/Net Assets:		
Beginning of the Year	180,225	132,219
End of Year	356,155	180,225

For the funds maintained by the Marshal, total revenues increased by \$220,089 (from total revenues for the year ended April 30, 2006, of \$1,020,371 to total revenues for the year ended April 30, 2007, of \$1,240,460). The primary increase in total revenues was attributable to an increase in fees received from the City Court of Monroe. For the funds maintained by the Marshal, program revenues increased \$192,765 (81%) from program revenues for the year ended April 30, 2006, of \$238,814 to program revenues for the year ended April 30, 2007, of \$431,579.

The Marshal's expenses increased by \$92,165 of which \$52,985 is attributable to the Marshal Service Returns. The remaining increase of \$39,180 is primarily due to the purchase of a new automobile.

#### **FUNDS MAINTAINED BY THE MARSHAL**

For the funds maintained by the Marshal, the governmental funds (as presented on pages 8 - 9) reported a fund balance of \$208,360, which is an increase in the fund balance of \$161,126 from last year's fund balance of \$47,234. The increase in the fund balance is attributable primarily to the \$132,534 increase in revenues received from court costs and minimal increases in the Marshal's expenditures, exclusive of the City of Monroe's on-behalf payments.

## **BUDGETARY HIGHLIGHTS**

The Marshal's budget does not include the City of Monroe's on-behalf payments since such amounts are included in the City of Monroe's budgets. Total revenues increased by \$201,650 (82%) from the original budget to the final budget. Final budgeted total revenues exceeded actual total revenues by \$1,458 (0.33%). Total expenditures increased by \$69,400 (28%) from the original budget to the final budget with most non-personal service expenditures having budget increases in the final budget. Final budgeted total expenditures exceeded actual total expenditures by \$30,334 (9.65%). The decrease in actual total expenditures from the final budget is due to the Marshal's diligence in monitoring the budgets throughout the year.

## **CAPITAL ASSETS / LEASES**

The Marshal's investment in capital assets for its governmental activities as of April 30, 2007, amounts to \$151,235 (net of accumulated depreciation). This investment in capital assets includes land, building, furniture, equipment, and vehicles.

Major capital asset additions during the current fiscal year included the following:

- An automobile with a total cost of \$20,280.

Additional information on the Marshal's capital assets can be found in Note 4 to the financial statements.

The Marshal records items under capital leases as an asset and an obligation in the accompanying statement of net assets. During the year ended April 30, 2007, the Marshal was under a capital lease agreement for the lease of two copiers. The lease will expire in September 2008.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Marshal considered many factors when setting a fiscal year 2008 budget. Amounts available for appropriation in the governmental funds are expected to remain approximately the same as the revenues available for the year ended April 30, 2007. In addition, the Marshal does not anticipate any significant changes in the operations of the Marshal's office.

## **CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Marshal and to show the Marshal's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Marshal at Monroe City Hall, Lea Joyner Expressway, Monroe, Louisiana 71201.

*Basic Financial Statements*

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS  
APRIL 30, 2007**

	General Fund	Adjustments - Note 1	Statement of Net Assets
<b>ASSETS</b>			
Cash and cash equivalents	\$ 161,055	\$ -	\$ 161,055
Investments	35,000	-	35,000
Receivables	-	27,210	27,210
Due from other agency	27,210	(27,210)	-
Capital assets, net of accumulated depreciation	-	151,235	151,235
<b>Total Assets</b>	<b><u>\$ 223,265</u></b>	<b><u>151,235</u></b>	<b><u>374,500</u></b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 2,692	\$ 12,213	\$ 14,905
Due to primary government	12,213	(12,213)	-
Noncurrent liabilities - obligations under capital lease:			
Due within one year	-	2,321	2,321
Due in more than one year	-	1,120	1,120
<b>Total Liabilities</b>	<b><u>14,905</u></b>	<b><u>3,441</u></b>	<b><u>18,346</u></b>
<b>FUND BALANCE (DEFICIT)/NET ASSETS</b>			
Fund balance (deficit):			
Unreserved, reported in:			
General Fund	<u>208,360</u>	<u>(208,360)</u>	<u>-</u>
Total Fund Balance	<u>208,360</u>	<u>(208,360)</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 223,265</u></b>		
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt		147,794	147,794
Unrestricted		<u>208,360</u>	<u>208,360</u>
<b>Total Net Assets</b>		<b><u>\$ 356,154</u></b>	<b><u>\$ 356,154</u></b>

The accompanying notes are an integral part of this statement.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES/  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2007**

	General Fund	Adjustments - Note 1	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Judiciary - Current:			
Personal services	\$ 688,165	\$ -	\$ 688,165
Related benefits	162,303	-	162,303
Uniforms	45,025	-	45,025
Insurance	5,649	-	5,649
Maintenance and supplies	6,617	-	6,617
Office supplies	4,536	-	4,536
Postage	902	-	902
Professional fees	16,703	-	16,703
Telephone, radio, and communication services	10,256	-	10,256
Leases - operating	1,632	-	1,632
Travel and seminars	12,486	-	12,486
Utilities	17,935	-	17,935
Warrant car expense	8,262	-	8,262
Marshal service returns	52,985	-	52,985
Depreciation	-	7,800	7,800
Other	22,851	-	22,851
Capital Outlay	20,280	(20,280)	-
Debt Service - Capital Leases:			
Principal	2,323	(2,323)	-
Interest	424	-	424
Total Expenditures/Expenses	<u>1,079,334</u>	<u>(14,803)</u>	<u>1,064,531</u>
<b>PROGRAM REVENUES</b>			
Marshal's fees	412,309	-	412,309
Other charges for services	19,270	-	19,270
Total Program Revenues	<u>431,579</u>	<u>-</u>	<u>431,579</u>
Net Program Expense			<u>(632,952)</u>
<b>GENERAL REVENUES</b>			
Intergovernmental - City of Monroe	795,268	-	795,268
Bond forfeitures	13,613	-	13,613
Total General Revenues	<u>808,881</u>	<u>-</u>	<u>808,881</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	161,126	(161,126)	-

**MONROE CITY MARSHAL**  
**CITY OF MONROE, LOUISIANA**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES/**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2007**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Activities</u>
<b>CHANGE IN NET ASSETS</b>		175,929	175,929
<b>FUND BALANCE (DEFICIT)/NET ASSETS:</b>			
Beginning of the Year	<u>47,234</u>	<u>-</u>	<u>180,225</u>
End of Year	<u>\$ 208,360</u>	<u>\$ -</u>	<u>\$ 356,154</u>

The accompanying notes are an integral part of this statement.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS  
APRIL 30, 2007**

	<u>Agency Funds Total</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,055
Receivables	<u>9,548</u>
Total Assets	<u>\$ 16,603</u>
<b>LIABILITIES</b>	
Liabilities:	
Unsettled deposits due to others	<u>\$ 16,603</u>
Total Liabilities	<u>\$ 16,603</u>

The accompanying notes are an integral part of this statement.



*Notes to the Financial Statements*

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

**INTRODUCTION**

As provided for by the Louisiana State Legislature by Act 32 of 1960, Louisiana Revised Statutes 13:1879, the Monroe City Marshal (the "Marshal") is the executive officer of the City Court of Monroe (the "Court"). The Marshal is responsible for carrying out the orders of the Court as handed down by its judges. Those orders include the service of process of both civil and criminal suits. The Marshal, whose jurisdiction includes Wards 3 and 10 of Ouachita Parish, is elected for a period of six years. The current term expires December 31, 2008. The Marshal is independently responsible for the General Fund and the Agency Funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Monroe City Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

**B. REPORTING ENTITY**

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

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

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the City to impose its will on that organization and/or

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The City Marshal is an independently elected official. However, the City Marshal is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the City Marshal is fiscally dependent on the City, the City Marshal was determined to be a component unit of the City of Monroe, the financial reporting entity. The City Marshal does not have any component units of its own.

The accompanying financial statements present information only on the funds maintained by the City Marshal and do not present information on the City of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. FUND ACCOUNTING**

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

#### **Governmental Funds**

Governmental funds account for all or most of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Monroe City Marshal. The Marshal has one governmental fund, the general fund, which is described below:

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

**General Fund**

The General Fund is the primary operating fund of the Marshal, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Marshal's policies.

**Fiduciary Funds**

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Marshal are agency funds. The Marshal maintains two agency funds: the Garnishment Fund and the Sales and Seizure Fund. These agency funds are used as a depository for garnishments and proceeds from the Marshal's sales. Disbursements from the funds are made to the Marshal, litigants, et cetera, in the manner prescribed by law. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Marshal's operations.

The amounts reflected in the General Fund of Statements A and B use 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 pay liabilities of the current period. The Marshal considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

**Revenues**

Marshal's fees, other court costs, and bond forfeitures are recorded in the year in which they are earned.

Substantially all other revenues are recognized when received by the Marshal.

Based on the above criteria, the Marshal's fees, other court costs, and bond forfeitures are treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services and from other fees charged by the Marshal; program revenues reduce the cost of the function to be financed from the Marshal's general revenues.

**Reconciliation**

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2007**

Statement B	
Capitalization of Capital Assets	\$ 20,280
Recording of Depreciation Expense	(7,800)
Present Value of Payments Made Under Capital Lease	2,323
Net Effect of Changes	\$ 14,803
Statement A	
Recording of Net Capital Assets	\$ 151,235
Recording of Capitalized Lease Obligation	(3,441)
Net Effect of Changes	\$ 147,794

**E. CAPITAL ASSETS**

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Useful Lives
Buildings and building improvements	5 – 40 years
Computer Equipment	3 – 5 years
Equipment	5 – 10 years
Furniture and fixtures	5 – 10 years
Vehicles	5 years

**F. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

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amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**G. RISK MANAGEMENT**

The Marshal is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. In order to handle such risk of loss, it is the Marshal's policy to maintain commercial insurance policies for automobile coverage and fidelity bond coverage. However, general and property liability insurance coverage is not maintained on a building recorded in the Marshal's capital assets. The Marshal inherited the building from the prior Monroe City Marshal and initially utilized the building as the office for the Marshal's operations. The Marshal is no longer occupying the building. The Marshal is in the process of determining whether or not the Marshal has legal ownership of the building. The Marshal will not insure the property unless it is determined that the Marshal has legal ownership of the building. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts.

**2. DEPOSITS AND CUSTODIAL CREDIT RISK**

Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Marshal may invest in certificates of deposit and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At April 30, 2007, the Marshal's carrying amount (book balance) of deposits totaled \$203,110, which included the following:

Cash (including Agency Accounts)	\$168,110
Certificate of Deposit	<u>35,000</u>
Total	<u>\$203,110</u>

These deposits are stated at cost, which approximates market.

The Marshal's deposits (bank balances) totaled \$251,815 at April 30, 2007. Under state law, these deposits, or the resulting bank balances, must be collateralized by federal deposit insurance or the pledge of securities. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Also, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Marshal that the fiscal agent bank has failed to pay deposited funds upon demand. At April 30, 2007, these deposits were collateralized in full.

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Custodial credit risk is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. The Marshal does not have a policy for custodial credit risk. As of April 30, 2007, none of the Marshal's deposits were exposed to custodial credit risk.

**3. RECEIVABLES**

The receivables at April 30, 2007, are summarized as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Agency Funds</u>
Charges for services- Due from City Court of Monroe	\$ 27,210	\$ -
Sales of seized property	-	9,547
Totals	<u>\$ 27,210</u>	<u>\$ 9,547</u>

The Marshal utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended April 30, 2007, is as follows:

<u>Governmental Activities</u>	<u>April 30, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2007</u>
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Buildings	135,732			135,732
Vehicles	67,125	20,280		87,405
Furniture and equipment	104,206			104,206
Total	<u>331,063</u>	<u>20,280</u>	<u>-</u>	<u>351,343</u>
Less accumulated depreciation:				
Buildings	46,219	-		46,219
Vehicles	62,229	2,392		64,621
Furniture and equipment	83,860	5,408		89,268
Total	<u>192,308</u>	<u>7,800</u>	<u>-</u>	<u>200,108</u>
Capital Assets, Net	<u>\$ 138,755</u>	<u>\$ 12,480</u>	<u>\$ -</u>	<u>\$ 151,235</u>



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The Marshal no longer occupies the building included in its capital assets. The building and its related land are idle property. The total carrying amount of the building, its improvements, and the land was \$113,513 at April 30, 2007.

**5. LEASES**

**Operating Leases**

The Marshal leases office equipment under a noncancelable operating lease. Rental expense in connection with these leases was \$1,632 for the year ended April 30, 2007. The future minimum lease payments under noncancelable operating leases are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2008	\$ 1,490
2009	1,788
2010	1,788
2011	1,788
2012	<u>298</u>
Future minimum lease payments	<u>\$ 7,152</u>

**Capital Leases**

The Marshal records items under capital leases as an asset and an obligation in the accompanying statement of net assets. During the year ended April 30, 2007, the Marshal was under a capital lease agreement for the lease of two copiers.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of April 30, 2007:

<u>April 30,</u>	<u>Amount</u>
2008	2,748
2009	<u>916</u>
Net minimum lease payments	3,664
Less amount representing interest	<u>(223)</u>
Present value of net minimum lease payments	<u>\$ 3,441</u>

**MONROE CITY MARSHAL  
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Assets under capital leases are reported in the balance sheet in capital assets, net of accumulated depreciation. The gross amount and the accumulated depreciation of these assets totaled \$9,202 and \$5,061, respectively, at April 30, 2007.

**6. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended April 30, 2007:

	Capitalized Leases
Long-term obligations at April 30, 2006	\$ 5,764
Deductions	(2,323)
Long-term obligations at April 30, 2007	<u>\$ 3,441</u>

**7. CHANGES IN AGENCY FUND  
DEPOSITS DUE OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2007, is as follows:

Balance at April 30, 2006	\$ 11,953
Additions	696,862
Reductions	(692,212)
Balance at April 30, 2007	<u>\$ 16,603</u>

**8. ON-BEHALF PAYMENTS**

The City of Monroe made on-behalf payments of \$795,268 for the Marshal for the year ended April 30, 2007, as follows:

Salaries	\$ 558,565
Fringe Benefits	151,146
Operating expenses	85,557
Total	<u>\$ 795,268</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the Monroe City Marshal.

***Required Supplemental Information***

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED APRIL 30, 2007**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Court costs	\$ 210,000	\$ 360,000	\$ 359,324	\$ (676)
Other charges for services	19,000	73,650	72,255	(1,395)
General revenues:				
Bond forfeitures	16,000	13,000	13,613	613
Total revenues	<u>\$ 245,000</u>	<u>\$ 446,650</u>	<u>\$ 445,192</u>	<u>\$ (1,458)</u>
<b>EXPENDITURES</b>				
Judiciary - Current:				
Personal services	127,000	141,700	129,600	(12,100)
Related benefits	14,800	14,900	11,158	(3,742)
Uniforms	2,000	4,000	3,527	(473)
Insurance	6,000	7,000	5,649	(1,351)
Maintenance and supplies	5,000	7,100	4,939	(2,161)
Office supplies	4,000	4,500	4,536	36
Postage	2,000	1,000	902	(98)
Professional fees	6,000	4,000	780	(3,220)
Telephone, radio, and communication services	3,000	4,500	1,919	(2,581)
Leases	8,900	6,100	4,380	(1,720)
Travel and seminars	16,000	15,500	12,486	(3,014)
Warrant car expense	13,400	8,000	8,262	262
Capital outlay	10,000	19,000	20,280	1,280
Marshal service returns	-	54,000	52,985	(1,015)
Other	26,900	23,100	22,663	(437)
Total expenditures	<u>245,000</u>	<u>314,400</u>	<u>284,066</u>	<u>(30,334)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	132,250	161,126	28,876
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>47,234</u>	<u>47,234</u>	<u>47,234</u>	-
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ 47,234</u>	<u>\$ 179,484</u>	<u>\$ 208,360</u>	<u>\$ 28,876</u>

See accompanying Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Notes to the Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget (GAAP)  
Basis and Actual  
For the Year Ended April 30, 2007**

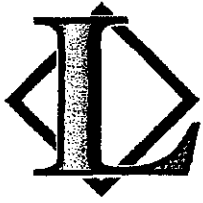
**NOTE 1 – BUDGETARY POLICIES**

A proposed budget for the general fund of the Marshal is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Marshal and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Marshal authorizes all amendments to the budget. Amendments were made to the original budget and all amendments are reflected in budget comparison. The Marshal's budget does not include the City of Monroe's budgeted amounts for the Marshal's office.

Formal budgetary integration is employed as a management control device during the year.

**Independent Auditors' Report Required  
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



**LITTLE & ASSOCIATES LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA  
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' 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***

Mr. Wince Highshaw  
Monroe City Marshal  
Monroe, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe City Marshal as of and for the year ended April 30, 2007, which collectively comprise the Monroe City Marshal's basic financial statements and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Monroe City Marshal's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe City Marshal's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monroe City Marshal's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's

financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2007-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Monroe City Marshal's basic 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Monroe City Marshal, management of the Marshal's office, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Little & Associates, LLC*

Monroe, Louisiana  
July 20, 2007



**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses  
As of and For the Year Ended April 30, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of the Monroe City Marshal.
2. A significant deficiency relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Monroe City Marshal were identified during the audit.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2007-01 Preparation of Annual Financial Statements**

**Criteria:** An adequately designed system of internal control over financial reporting includes controls over preparation of the annual financial statements, including footnote disclosures. Such internal controls should require that the annual financial statements be prepared by personnel capable of preparing the financial statements in accordance with generally accepted accounting principles. In addition, such personnel should have the skills and competencies to prevent, detect, and correct a material misstatement in the financial statements.

**Condition:** Marshal's office personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principals and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

**Context:** N/A.

**Effect:** The possibility of material misstatement in the financial statements may occur.

**Cause:** Marshal's office personnel have not had adequate training in the preparation of financial statements, including footnote disclosures.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses  
As of and For the Year Ended April 30, 2007**

**Recommendation:** Marshal's office personnel with direct responsibility over financial reporting should receive training in the preparing of financial statements, including note disclosures. The training should be sufficient to provide such Marshal's office personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement.

**The Marshal's View on the Finding and Corrective Action Plan:** The Marshal agrees with the finding and will ensure that Marshal's office personnel having financial reporting responsibilities will receive adequate training in the preparation of financial statements, including footnote disclosures.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Audit Findings  
As of and For the Year Ended April 30, 2007**

There were no audit finding included in the audit report for the year ended April 30, 2006.