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# MONROE CITY MARSHAL

Financial Statements  
For the Year Ended April 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, 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 April 13, 1997

APR 13 1997  
11 11 AM '97  
STATE AUDITOR  
Baton Rouge, LA

MONROE CITY MARSHAL  
 FINANCIAL REPORT  
 AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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MONROE CITY MARSHAL

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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Luffey  
Huffman  
& Monroe

CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA  
F. Cecil Huffman, CPA  
L. Paul Monroe, CPA  
Edgar Abshire, CPA  
George A. Goble, CPA

## INDEPENDENT AUDITORS' REPORT

**Mr. Richard E. Reitzel**  
**Monroe City Marshal**  
**Monroe, Louisiana**

We have audited the accompanying component unit financial statements of the **Monroe City Marshal** as of and for the year ended April 30, 1997, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Monroe City Marshal. Our responsibility is to express an opinion of these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the **Monroe City Marshal** as of April 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 1997, on our consideration of the **Monroe City Marshal's** internal control structure and a report dated August 21, 1997, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The individual fund and account group financial statements listed in the table of contents are presented for purposes of additional

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Mr. Richard E. Hittell  
Moore City Marshal  
Page 2

analysis and are not a required part of the component unit financial statements of the **Moore City Marshal**. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was audited by other auditors whose report dated June 17, 1996 expressed an unqualified opinion on the component unit financial statements as of and for the year ended April 30, 1996. Accordingly, we express no opinion or other form of assurance on such comparative balances.



August 21, 1997

**COMPONENT 6017 FINANCIAL STATEMENTS -  
OVERVIEW**

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**APRIL 30, 1997**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>
<b>ASSETS AND OTHER DEBITS</b>		
Cash	\$ 2,061	\$ 15,011
Accounts Receivable - Monroe City Court	1,987	
Prepaid Insurance	495	
Deposits		
Property and Equipment		
Land and Buildings		
Vehicles		
Furniture and Equipment		
Amounts to be Provided for Retirement of General Long-Term Debt	_____	_____
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ <u>4,543</u></b>	<b>\$ <u>15,011</u></b>
 <b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 0	\$ 13,151
Due To Others		
Lease Purchase Payable		
Notes Payable		
Total Liabilities	_____ 0	_____ 13,151
 <b>Fund Equity and Other Credits</b>		
Investment in General Fund Assets		
Fund Balance	10,011	
Total Fund Equity and Other Credits	_____ 10,011	_____ 0
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ <u>10,011</u></b>	<b>\$ <u>13,151</u></b>

The accompanying notes are an integral part of this statement.

Account Groups		Totals	
General Fund Accounts	General Long-Term Debt	(Memorandum Only)	
		April 30, 1997	April 30, 1998
\$	\$	\$ 15,212	\$ 38,279
		3,987	18,818
		483	1,239
		0	1,500
133,625		138,625	133,625
7,542		3,783	7,542
136,534		136,134	136,835
	47,511	45,120	60,995
\$ 279,801	\$ 47,511	\$ 318,954	\$ 406,245
\$	\$	\$ 0	\$ 1,235
		13,150	1,105
	2,139	2,138	10,574
	45,182	45,182	55,734
0	47,511	68,472	68,451
279,801		279,802	288,185
		10,511	26,288
279,801	0	293,412	316,793
\$ 279,801	\$ 47,511	\$ 303,812	\$ 406,245



**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE**  
**FOR THE YEAR ENDED APRIL 30, 1997**  
**WITH COMPARATIVE TOTALS FOR 1996**

	General Fund	
	1997	1996
<b>Revenues</b>		
Court Costs	\$ 116,509	\$ 204,188
Storage, Pilchage, and Seizure Fees	18,296	28,419
Local Funds - City of Monroe	624,489	556,605
Other	8,171	3,261
<b>Total Revenues</b>	<b>867,465</b>	<b>792,473</b>
<b>Expenditures</b>		
<b>Judicial</b>		
<b>Current</b>		
Salaries and Wages	439,678	417,649
Fringe Benefits	241,872	128,981
Contractual Services	21,058	19,558
Automobile and Operating Allowances	91,150	104,158
Deputy Supplemental Pay	38,500	15,521
Professional Fees	6,145	4,204
Insurance	1,728	1,233
Maintenance and Supplies	5,228	5,689
Office Supplies and Printing	25,665	18,208
Police Dog Equipment and Supplies	1,183	1,175
Postage	1,282	4,417
Radar Services	2,931	3,781
Travel and Seminars	14,215	11,388
Warrant Car Expenses	3,974	3,866
Miscellaneous	7,944	2,197
<b>Debt Service</b>		
Principal Retirement	58,777	32,588
Interest Charges	6,150	8,589
Capital Outlay	0	3,192
<b>Total Expenditures</b>	<b>828,242</b>	<b>768,078</b>
<b>Excess (Deficiency) of Revenues</b>		
Over Expenditures	(60,777)	24,445
<b>Fund Balance - Beginning of Year</b>	<b>56,598</b>	<b>36,172</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 11,551</b>	<b>\$ 56,598</b>

The accompanying notes are an integral part of this statement.

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

**Introduction**

The Monroe City Marshal's Office was created by the State Legislature by Act 32 of 1980 - LA S.S. 12:1879.

The Marshal is the executive officer of the Monroe City Court (the Court) and is responsible for carrying out the orders of the Court as handed down by its judges. These 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, 2002. The Marshal is independently responsible for the General Fund and the trust and agency funds.

**Note 1 - Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Reporting Entity**

As the governing authority of the City of Monroe, Louisiana (the City), for reporting purposes the City is the financial reporting entity. The financial reporting entity consists of (a) the primary government (the 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.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the City reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1987**

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

Because the City is financially accountable (see Note 6), the Marshal is determined to be a component unit of the City financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the City financial reporting entity.

All funds, which include the General Fund and all Trust and Agency Funds, are under the direct control of Monroe City Marshal as described in Note 6.

**C. Fund Accounting**

The accounts of the Marshal are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues and expenses or expenditures. The following funds and groups of accounts are used by the Marshal:

**GOVERNMENTAL FUNDS**

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

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

**FIDUCIARY FUNDS**

**Trust and Agency Funds** - These funds are used to account for assets held by the Marshal in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. This includes agency funds which are custodial in nature and do not involve measurement of results of operations.

**ACCOUNT GROUPS**

**General Fixed Assets** - This account group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

**General Long-Term Debt** - This account is used to account for long-term liabilities to be financed from governmental funds.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement theory applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Fiduciary Funds includes agency funds whereby assets and liabilities are accounted for on the modified accrual basis of accounting.

**E. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Marshal 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 amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

**F. Cash**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and cash on hand. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**G. Fixed Assets**

The Marshal's office building and part of its furnishings and equipment are provided by the City of Monroe and, accordingly, are recorded in the City's general fixed assets account group. All other furniture and equipment, vehicles, and land and buildings purchased with the Marshal's funds are recorded as an expenditure on the statements of revenues, expenditures, and changes in fund balance and as an asset on the Marshal's combined balance sheet in the General Fixed Asset Account Group.

**H. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**I. Budgets and Budgetary Accounting**

The Marshal is an extension of the Court. Since all Court funds are considered to be judicial funds, then the Marshal's funds are also considered to be judicial funds. As a judicial fund, the Marshal is not required to prepare an annual budget since monies from the Marshal's funds can be expended only upon the order of the Marshal. Also, judicial funds are not included within the definition of "political subdivisions" covered by Louisiana Government Budget Act. Thus, no obligation exists to prepare a budget for the Marshal's funds.

**J. Reclassifications of Prior Year**

Minor reclassifications to the 1996 financial statements have been made to make them comparable with the current year presentation.

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1987**

**Note 2 - General Operations**

**GENERAL FUND**

The General Fund receives \$10 of each court cost levy for criminal offenses, except juvenile cases. This fund serves as the operating fund for the Marshal. It is available for the Marshal's office capital and operating expenses not otherwise provided by the City of Monroe.

As shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance, court cost is a very large portion of the Marshal's total revenues. This major source of income, which is beyond the Marshal's control, is subject to fluctuations based upon the number of criminal cases and traffic citations handled by the Monroe City Court.

**TRUST AND AGENCY FUNDS**

The Courtship/Baker Fund receives garnishment payments and proceeds from the Marshal's sales. Garnishments are withheld by employers and remitted to the Marshal who deducts his commission and remits the balance to the plaintiff. Due To Others, in the Fund, represents collections to be remitted to plaintiffs.

**Note 3 - Cash**

At April 30, 1987, the carrying amount of the Marshal's cash deposits was \$15,012 and the bank balances were \$55,571, all of which was covered by Federal deposit insurance. The difference between the carrying amount of the Marshal's deposits and the bank balance is represented by deposits and checks which had not cleared the bank by April 30, 1987.

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

**Note 4 - General Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance			Balance
	April 30,	Additions	Deductions	April 30,
	1996			1997
Land and Buildings	\$ 138,625			\$ 138,625
Vehicles	7,742			7,742
Furniture and Equipment	136,628		294	137,127
	<u>\$ 282,995</u>	<u>\$ 0</u>	<u>\$ 294</u>	<u>\$ 283,499</u>

**Note 5 - Long-Term Debt**

The following is a summary of long-term debt transactions of the Marshal for the year ended April 30, 1997:

	Balance	Additional	Balance
	April 30,		Payments
	1996	borrowings	1997
Mortgage Note Payable to Hibernia National Bank for \$97,038, due September 2, 2000, at 11.25%, in monthly installments of \$1,384. Secured by real estate.	\$ 55,724		\$ (18,342) \$ 43,382
Lease-Purchase Agreement with Assurance Com- mercial Corporation for \$23,620 due August 3, 1997, at 6.17% in monthly installments of \$720. Secured by computer equipment.	10,334		(8,238) 2,136
	<u>\$ 66,058</u>	<u>\$ 0</u>	<u>\$ (18,777)</u> <u>\$ 47,511</u>

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

The debt service requirements to amortize long-term debt at April 30, 1997, is as follows:

<u>Year Ending</u> <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 13,849	\$ 4,575	\$ 18,424
1999	13,229	3,034	16,263
2000	14,816	1,546	16,362
2001	5,327	228	5,555
	<u>\$ 47,221</u>	<u>\$ 9,383</u>	<u>\$ 56,704</u>

**Note 6 - Related Party Transactions**

The City paid salaries and certain other operating expenses totaling approximately \$634,489 on behalf of the Marshal during the year ended April 30, 1997.

**Note 7 - Lease Commitments**

At April 30, 1997, the Marshal was obligated under a noncancelable operating lease agreement covering copier equipment. The original term of the lease was four years with an option to renew the lease on a month-to-month basis.

<u>Year</u> <u>Ending</u> <u>April 30</u>	<u>Minimum</u> <u>Lease</u> <u>Payments</u>
1998	\$ 1,586
1999	<u>278</u>
	<u>\$ 1,864</u>

The Marshal made lease payments of approximately \$1,572 during fiscal 1997.



**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

**Note 8 - Risk Financing Activities**

The Marshal manages its exposure under threat of flood and general liability for its buildings through the purchase of commercial insurance. The remainder of insurance coverage is provided by the City of Monroe.

**Note 9 - Contingency**

As of April 30, 1997, the Marshal's office had received requests from its chief deputy's attorney and the Marshal's attorney for reimbursements of attorney fees and costs of \$75,571 submitted pursuant to Louisiana Revised Statute 42:1492. As April 30, 1997, it has not been determined if the City of Monroe or the Marshal's office will ultimately be responsible for this request.

**Note 10- Litigation**

As of April 30,1997, the Marshal is involved in one lawsuit. In the opinion of legal counsel for the Marshal, the resolution of the lawsuit should not materially affect the financial position of the Marshal.

**PROBATION FUND**

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**GARNISHMENT/SALLES AGENCY FUND**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED APRIL 30, 1997**

	<u>Balance</u> <u>April 30,</u> <u>1996</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>April 30,</u> <u>1997</u>
<b>ASSETS</b>				
Cash	\$ <u>2,116</u>	\$ <u>822,679</u>	\$ <u>811,644</u>	\$ <u>13,151</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,116</u></b>	<b>\$ <u>822,679</u></b>	<b>\$ <u>811,644</u></b>	<b>\$ <u>13,151</u></b>
<b>LIABILITIES</b>				
Due To Others	\$ <u>2,116</u>	\$ <u>822,679</u>	\$ <u>811,644</u>	\$ <u>13,151</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>2,116</u></b>	<b>\$ <u>822,679</u></b>	<b>\$ <u>811,644</u></b>	<b>\$ <u>13,151</u></b>

**GENERAL FEED ASSETS ACCOUNT GROUP**

**MONROE CITY MARSHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**STATEMENT OF CHANGES IN GENERAL FIXED ASSETS**  
**FOR THE YEAR ENDED APRIL 30, 1997**

	General Fixed Assets April 30, 1996	Additions	Deductions	General Fixed Assets April 30, 1997
<b>General Fixed Assets</b>				
Land and Buildings	\$ 135,625	\$	\$	\$ 135,625
Vehicles	7,742			7,742
Furniture and Equipment	<u>136,826</u>		<u>(294)</u>	<u>136,532</u>
	<u>\$ 280,193</u>	<u>\$ 0</u>	<u>\$ (294)</u>	<u>\$ 279,899</u>
<b>Investment in General Fixed Assets</b>				
Acquired From General Fund of the Marshal	<u>\$ 280,193</u>	<u>\$ 0</u>	<u>\$ (294)</u>	<u>\$ 279,899</u>

**GENERAL LONG-TERM DEBT ACCOUNT GROUP**

**MONROE CITY PARISHAL**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**STATEMENT OF LIABILITIES IN GENERAL LONG-TERM DEBT**  
**FOR THE YEAR ENDED APRIL 30, 1997**

	Amount to be Provided for Payment of Long-Term Debt	General Long-Term Debt Payable			Amount to be Provided From
		Due Within One Year	Due After One Year	Total General Long-Term Debt	
Mortgage Note Payable	\$ 45,882	\$ 10,889	\$ 35,712	\$ 45,882	Cleared Fund
Lease-Purchase Agreement	<u>2,139</u>	<u>2,139</u>	<u>0</u>	<u>2,139</u>	Cleared Fund
<b>TOTALS - APRIL 30, 1997</b>	<b>\$ <u>47,921</u></b>	<b>\$ <u>13,028</u></b>	<b>\$ <u>35,732</u></b>	<b>\$ <u>47,920</u></b>	
<b>TOTALS - APRIL 30, 1996</b>	<b>\$ <u>66,898</u></b>	<b>\$ <u>18,071</u></b>	<b>\$ <u>47,520</u></b>	<b>\$ <u>66,098</u></b>	

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**





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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Mr. Richard E. Reitzell  
Monroe City Marshal  
Monroe, Louisiana

We have audited the component unit financial statements of the **Monroe City Marshal (the Marshal)** as of and for the year ended April 30, 1997, and have issued our report thereon dated August 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The Marshal is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with the management's authorization and recorded properly to permit the preparation of the component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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Mr. Richard E. Reitzel  
Morroe City Marshal

In planning and performing our audit of the component unit financial statements of the Marshal for the year ended April 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

#### **1. Segregation of Accounting Duties**

##### **Findings:**

Although the small size of the office staff limits the extent of segregation of duties, we believe certain steps could be taken to separate incompatible duties. The basic premise is that no one employee should have access to both physical assets and the related records or to all phases of a transaction.

One of the most critical areas is the lack of separation of cash, where we noted that a bookkeeper performs all accounting functions of a fund, i.e. prepares disbursement checks, has access to blank check stock, mails the checks after they are signed, posts the checks to the computerized general ledger system, and receives the unopened bank statement and reconciles it to the general ledger.

##### **Recommendation:**

We recommend that someone independent of the cash receipts and cash disbursements functions receive the bank statements unopened and review all canceled items on a monthly basis.

##### **Response:**

The Marshal stated that he would receive the unopened bank statements and review all canceled items prior to handing them over to the bookkeepers for reconciliation.

Mr. Richard E. Reitzel  
Marion City Marshal

### **2. Appropriate and Timely Bank Reconciliations**

#### **Finding:**

The Marshal's office is not preparing accurate and timely bank reconciliations. Of the three funds that the Marshal's office maintains, the bank account for one of the funds had not been reconciled since November, 1996. The other two funds had bank reconciliations that did not agree with the appropriate general ledger cash account. The absence of and/or inaccurate bank reconciliations increases the likelihood that errors or irregularities may occur and not be detected.

#### **Recommendation:**

We recommend that the Marshal's office prepare bank reconciliations that are timely and that agree with the appropriate general ledger cash account.

#### **Response:**

The Marshal stated that, in the future, timely and accurate bank reconciliations will be prepared.

### **3. Need to Record All Checks to Financial Records on A Timely Basis**

#### **Finding:**

The Marshal's office is not recording all checks to the financial records. For the months of December, 1996 through April, 1997, 25 checks totaling \$5,173 were manually written but were not recorded to the computerized accounting records. Subsequent to April 30, 1997, these checks were recorded to the financial records to complete the bank reconciliations for the aforementioned months.

#### **Recommendation:**

We recommend that manual checks be recorded to the financial records as soon as possible after the check has been written.

#### **Response:**

The Marshal stated that all checks, including manual checks, will be recorded to the financial records on a timely basis.

Mr. Richard E. Britton  
Monroe City Marshal

**4. Need Approval of Invoices Prior to Payment**

**Finding:**

During our obtaining an understanding of the internal control structure, we noted that no visual evidence exists regarding the approval of invoices prior to payment. The bookkeeper prepares checks for the payment of invoices as they are placed on her desk. No visual evidence of approval on the invoices, i.e. initials or some other notation, by the Marshal prior to payment increases the likelihood that errors or irregularities may occur and not be detected within a reasonable period of time.

**Recommendation:**

We recommend that the Marshal provide visual evidence on invoices of his review and approval prior to submitting them to the bookkeeper for payment.

**Response:**


The Marshal stated that he would begin initialing invoices to demonstrate his review and approval prior to submitting them to the bookkeeper for payment.

\*\*\*\*\*

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptably low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe all of the reportable conditions described above to be material weaknesses.

This report is intended for the information of the Marshal and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

  
August 21, 1997



Lufley  
Huffman  
& Monroe

CERTIFIED PUBLIC ACCOUNTANTS

John L. Lufley, MBA, CPA  
Thomas R. Huffman, CPA  
L. Todd Monroe, CPA  
Catherine A. Monroe, CPA  
Cynthia A. Gray, CPA

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF COMPONENT UNIT  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

**Ms. Richard E. Reitzel  
Monroe City Marshal  
Monroe, Louisiana**

We have audited the component unit financial statements of the **Monroe City Marshal (the Marshal)** as of and for the year ended April 30, 1997, and have issued our report thereon dated August 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Marshal is the responsibility of the management of the Marshal. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Marshal's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted a certain immaterial instance of noncompliance that we reported to the Marshal in a separate letter dated August 21, 1997.

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Mr. Richard E. Keisell  
Monroe City Marshal

This report is intended for the information of the Marshal and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Ruffin Whiffman - Monroe*

August 21, 1987



Luffey  
Huffman  
& Monroe

CERTIFIED PUBLIC ACCOUNTANTS

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Financial Auditor, (F) 1  
L. Huffman, CPA  
CPA, Missouri, CPA  
CMA, Missouri, CPA  
Colorado, CPA, CMA

To Richard E. Reitzel  
Monroe City Marshal

In planning and performing our audit of the component unit financial statements of the Monroe City Marshal (the Marshal) as of April 30, 1997, and for the year then ended, certain matters came to our attention which we believe should be conveyed to the Marshal. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated August 21, 1997, on the component unit financial statements.

The results of our test of expenditures noted the following:

1. Of the 21 expenditures that required an invoice or other support, 5 had no indication of any support. These 5 expenditures consisted of 4 travel expense expenditures and 1 expenditure that was paid from a statement. Sgt. Martin, bookkeeper, stated that the office did not require the use of a travel expense report.
2. Of the 12 expenditures that required indication of goods having been received, 3 expenditures paid for goods from invoices that had no indication that the goods had been received.

#### RECOMMENDATIONS:

1. The Marshal should implement a travel policy requiring the use of a travel expense report that would be turned in on a timely basis following the travel. Also, the Marshal should pay only from original invoices instead of from a statement.
2. All invoices for goods should include a signature from an authorized employee signifying that the goods were received.

August 21, 1997