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MONROE CITY MARSHAL

**Financial Statements
For the Year Ended April 30, 2001**

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 11/07/01

MONROE CITY MARSHAL

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2001

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1
COMPONENT UNIT FINANCIAL STATEMENTS - OVERVIEW	
Combined Balance Sheet - All Fund Types and Account Group -----	4
Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type -----	6
Notes to Financial Statements -----	7
SUPPLEMENTAL STATEMENTS - FINANCIAL STATEMENTS OF INDIVIDUAL FUND AND ACCOUNT GROUPS	
FIDUCIARY FUND	
Agency Fund Type - Sales Fund - Statement of Changes in Assets and Liabilities -----	16
GENERAL FIXED ASSETS ACCOUNT GROUP	
Statement of Changes in General Fixed Assets -----	18

MONROE CITY MARSHAL

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2001

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Component Unit Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	20
Schedule of Findings- -----	22
Summary Status of Prior Audit Findings -----	25



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying component unit financial statements of the Monroe City Marshal, a component unit of the City of Monroe, as of and for the year ended April 30, 2001, 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 on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. 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. 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.

The component unit financial statements referred to above do not include in the Fiduciary Fund Type the Garnishment Fund which should be included to conform with accounting principles generally accepted in the United States of America.

The effects of this departure from accounting principles generally accepted in the United States of America on assets and liabilities of the Fiduciary Fund Type is not practicable to determine.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the component unit financial statements referred to in the first paragraph do not present fairly the financial position of the Monroe City Marshal as of April 30, 2001, and the results of its operations for the year then ended.

Mr. Richard E. Reitzell
Monroe City Marshal

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The financial information listed in the Table of Contents as Supplemental Statements is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Monroe City Marshal. Such information has not been subjected to the auditing procedures applied in the audit of the component unit financial statements and, according, we express no opinion on it..

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed a qualified opinion on the component unit financial statements of the Monroe City Marshal.



(A Professional Accounting Corporation)

August 30, 2001

***COMPONENT UNIT FINANCIAL STATEMENTS -
OVERVIEW***

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF APRIL 30, 2001

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>
ASSETS AND OTHER DEBITS		
Cash	\$ 25,721	\$ 5,145
Accounts Receivable - Monroe City Court	19,260	1,794
Prepaid Insurance	1,539	-
Property and Equipment:		
Land and Buildings	-	-
Vehicles	-	-
Furniture and Equipment	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-
	<hr/>	<hr/>
TOTAL ASSETS AND OTHER DEBITS	\$ 46,520	\$ 6,939
LIABILITIES, FUND EQUITY, AND OTHER CREDITS		
Liabilities		
Accounts Payable	\$ 11,063	\$ -
Due To Others	22,325	6,939
Long Term Obligations	-	-
Total Liabilities	<hr/> 33,388	<hr/> 6,939
Fund Equity and Other Credits		
Investment in General Fixed Assets	-	-
Fund Balance	13,132	-
Total Fund Equity and Other Credits	<hr/> 13,132	<hr/> -
	<hr/>	<hr/>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 46,520	\$ 6,939

The accompanying notes are an integral part of this statement.

<u>Account Group</u>	<u>Totals</u>	
<u>General</u>	<u>(Memorandum Only)</u>	
<u>Fixed</u>	<u>April 30,</u>	<u>April 30,</u>
<u>Assets</u>	<u>2001</u>	<u>2000</u>
\$ -	\$ 30,866	\$ 46,887
-	21,054	26,174
-	1,539	3,948
159,732	159,732	158,952
84,978	84,978	55,953
154,249	154,249	162,284
-	-	12,936
<u>\$ 398,959</u>	<u>\$ 452,418</u>	<u>\$ 467,134</u>
\$ -	\$ 11,063	\$ 27,026
-	29,264	29,356
-	-	12,936
-	40,327	69,318
398,959	398,959	377,189
-	13,132	20,627
398,959	412,091	397,816
<u>\$ 398,959</u>	<u>\$ 452,418</u>	<u>\$ 467,134</u>

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, 2001
WITH COMPARATIVE TOTALS FOR 2000

	General Fund	
	2001	2000
Revenues		
Court Costs	\$ 271,585	\$ 300,310
Storage, Mileage and Summons, Eviction, Warrant and Mortgage Certificate Fees	3,307	5,912
Local Funds - City of Monroe	705,309	678,513
Interest Income	348	140
Other	3,060	3,729
Total Revenues	983,609	988,604
Expenditures		
Judicial:		
Current:		
Salaries and Wages	534,141	505,894
Fringe Benefits	150,461	150,931
Automobile and Operating Allowances	130,501	122,750
Deputy Supplemental Pay	15,116	18,875
Insurance	11,761	7,351
Maintenance and Supplies	11,152	18,838
Miscellaneous	11,656	4,187
Mortgage Certificate Expenses	15	267
Office Supplies and Printing	12,375	7,089
Police Dog Equipment and Supplies	67	653
Postage	2,047	1,900
Professional Fees	15,967	34,859
Radio Service	3,942	1,102
Travel and Seminars	5,459	12,684
Utilities	26,082	23,152
Warrant Car Expenses	7,137	12,075
Debt Service:		
Principal Retirement	6,254	25,990
Interest Charges	1,774	2,046
Capital Outlay	45,197	29,661
Total Expenditures	991,104	980,304
Excess (Deficiency) of Revenues Over Expenditures	(7,495)	8,300
Fund Balance at Beginning of Year	20,627	12,327
FUND BALANCE AT END OF YEAR	\$ 13,132	\$ 20,627

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 OR THE YEAR ENDED APRIL 30, 2001

Note 1 - Summary of Significant Accounting Policies

A. History

The Monroe City Marshal's Office was created by the State Legislature by Act 32 of 1960 - LA R.S. 13:1879.

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. 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, 2002. The Marshal is independently responsible for the General Fund and the trust and agency funds.

B. Basis of Presentation

The accompanying component unit financial statements of 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.

C. 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:

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
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001

- 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.

D. Fund Accounting

The accounts of the Marshal are organized on the basis of funds and 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 expenditures. The Marshal uses the following funds and account groups:

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.

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.

ACCOUNT GROUPS

General Fixed Assets - This account group is used to account for owned and leased fixed assets used in governmental fund type operations for control purposes. All

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001

such fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

E. 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 focus applied.

Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available) as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Fiduciary Funds include agency funds whereby assets and liabilities are accounted for on the modified accrual basis of accounting. Fiduciary funds do not present financial position or results of operations.

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.

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001

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 subdivision" covered by Louisiana Government Budget Act. Thus, no obligation exists to prepare a budget for the Marshal's funds.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Marshal's office 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 expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - General Operations

General Fund

The General Fund receives \$20 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 funded by the City of Monroe.

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001

Trust and Agency Funds

The Garnishment/Sales 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. Funds collected by the Marshal but not remitted to the plaintiffs as of April 30, 2001 are shown as Due to Others in the accompanying combined balance sheet.

The accompanying financial statements do not include the Garnishment Fund. Omission of this fund from the financial statements is a departure from accounting principles generally accepted in the United States of America.

Note 3 - Cash

At April 30, 2001, the carrying amount of the Marshal's cash deposits was \$30,867 and the bank balances were \$109,834, of which \$4,170 was not 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 that had not cleared the bank by April 30, 2001.

Note 4 - General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 30, 2000	Additions	Retirements	Balance April 30, 2001
Land and Buildings	\$ 158,952	\$ 780	\$ -	\$ 159,732
Vehicles	55,953	40,325	11,300	84,978
Furniture and Equipment	162,284	4,091	12,126	154,249
	<u>\$ 377,189</u>	<u>\$ 45,196</u>	<u>\$ 23,426</u>	<u>\$ 398,959</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, 2001:

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001

	<u>Balance April 30, 2000</u>	<u>Additional Borrowings</u>	<u>Repayments</u>	<u>Balance April 30, 2001</u>
Mortgage Note Payable to Hibernia National Bank for \$97,035, due September 2, 2000, at 11.25%, in monthly installments of \$1,364. Secured by real estate.	\$ 4,671	\$ -	\$ (4,671)	\$ -
Capital Lease Obligation	<u>8,265</u>	<u>-</u>	<u>(8,265)</u>	<u>-</u>
	<u>\$ 14,966</u>	<u>\$ -</u>	<u>\$ (12,936)</u>	<u>\$ -</u>

Of the \$8,265 repayment on the Capital Lease Obligation, \$6,681 was a cancellation of the balance due when a copier was returned to the lessor.

Note 6 - On Behalf Payments

The City of Monroe, governing authority of the Monroe City Marshal, paid salaries, benefits and certain other operating expenses totaling approximately \$705,309 on behalf of the Marshal during the year ended April 30, 2001.

Note 7 - Lease Commitments

The Marshal leases various office equipment. Rental expense in connection with the leases was \$2,063 for the year ended April 30, 2001.

Note 8 - Risk Financing Activities

The Marshal manages its exposure under auto and general liability for its buildings through the purchase of commercial insurance.

**MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
AS OF AND OR THE YEAR ENDED APRIL 30, 2001**

Note 9 - Litigation

As of April 30, 2001, the Marshal is named as defendant in two lawsuits alleging liability for damages caused by deputy marshals in separate automobile accidents. Management of the Marshal intends to vigorously contest these matters. Liability has not been established for either of the lawsuits and the extent of the plaintiffs' injuries and damages has yet to be ascertained; thus, no accrual for loss, if any, has been recorded in the accompanying financial statements.

Note 10 - Disclosures About Concentrations

The City of Monroe is required by law to fund the operations of the Monroe City Marshal. The Marshal receives over 70% of its revenue for the General Fund from the City of Monroe.

In addition, collection of court costs by the City Court provides a significant source of funds for the operation of the Marshal's office. The level of this funding is dependent upon the volume and nature of the caseload of the City Court.

***SUPPLEMENTAL STATEMENTS -
FINANCIAL STATEMENTS OF INDIVIDUAL
FUND AND ACCOUNT GROUPS***

FIDUCIARY FUND

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
SALES AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2001

	<u>Balance April 30, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance April 30, 2001</u>
ASSETS				
Cash	\$ 8,009	\$ 19,013	\$ 21,877	\$ 5,145
Accounts Receivable	<u>974</u>	<u>820</u>	<u>-</u>	<u>1,794</u>
TOTAL ASSETS	<u>\$ 8,983</u>	<u>\$ 19,833</u>	<u>\$ 21,877</u>	<u>\$ 6,939</u>
LIABILITIES				
Due To Others	<u>\$ 8,983</u>	<u>\$ 19,833</u>	<u>\$ 21,877</u>	<u>\$ 6,939</u>
TOTAL LIABILITIES	<u>\$ 8,983</u>	<u>\$ 19,833</u>	<u>\$ 21,877</u>	<u>\$ 6,939</u>

GENERAL FIXED 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, 2001

	<u>April 30,</u> <u>2000</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30,</u> <u>2001</u>
General Fixed Assets				
Land and Buildings	\$ 158,952	\$ 780	\$ -	\$ 159,732
Vehicles	55,953	40,325	(11,300)	84,978
Furniture and Equipment	<u>162,284</u>	<u>4,091</u>	<u>(12,126)</u>	<u>154,249</u>
	<u>\$ 377,189</u>	<u>\$ 45,196</u>	<u>\$ (23,426)</u>	<u>\$ 398,959</u>
 Investment in General Fixed Assets				
Acquired From General Fund of the Marshal	<u>\$ 377,189</u>	<u>\$ 45,196</u>	<u>\$ (23,426)</u>	<u>\$ 398,959</u>

***REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS***

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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, component unit of the City of Monroe, as of and for the year ended April 30, 2001 and have issued our report thereon dated August 30, 2001. In our report, we expressed an adverse opinion on the component unit financial statements due to omission of the Garnishment Fund from the Fiduciary Fund Type. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Marshal's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. We did note an immaterial instance of noncompliance that we have reported to management of the Marshal in a separate letter dated August 30, 2001.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain

**Mr. Richard E. Reitzell
Monroe City Marshal**

matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Marshal's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 01-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the accompanying Schedule of Findings as item 01-01 to be a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to management of the Marshal's office in a separate letter dated August 30, 2001.

This report is intended solely for the information and use of management of the Marshal's office, its primary government and the legislative auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

August 30, 2001

**MONROE CITY MARSHAL
MONROE, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED APRIL 30, 2001**

**Findings Related to the Financial Statements that is required to be reported under
*Government Auditing Standards:***

01-01 Garnishment Fund Accounting and Reporting Function

Finding:

There is no general ledger for the Garnishment Fund. Therefore, there is no system whereby reliable financial records, reports, and statements can be generated. This circumstance was initially caused by a computer crash at a time when no system was in place to assure that financial records were properly backed up. Additionally, a new software program had been installed. The software vendor apparently represented that the software would produce a general ledger that would eliminate the need to import financial transactions into another software program that was being used to produce a general ledger, trial balance, and financial statements. Employees of the Marshal's office and the technicians available to them have made attempts to get the new software to perform as represented but none of them have been successful. This condition impairs the ability of the accounting function to produce financial statements and related supporting documentation in an accurate and timely manner, both for external reporting purposes and internal decision making.

No bank reconciliations were available to us during our audit. Bank reconciliation reports were said to have been prepared for each month during the year but all of them were either lost or misplaced. Therefore, we were not able to determine the amount of cash belonging to the Garnishment Fund.

This situation in the accounting function increases the risk that decision-making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the Marshal's office and for making long-term strategic decisions. In addition, it increases the risk of misappropriation of assets and/or the risk that errors or irregularities in amounts material to the Marshal's financial position or results of operations could occur and go undetected by employees in the normal course of performing their assigned functions and precludes the expression of an opinion by independent auditors on the financial statements insofar as they relate to the Fiduciary Funds.

Recommendation:

Management should install a comprehensive and reliable accounting system that will generate financial records, reports, and statements as needed for its decision making process and reporting requirements. Any such system should also produce accounting records that will facilitate the audit function and preparation of financial statements.

**MONROE CITY MARSHAL
MONROE, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED APRIL 30, 2001**

Management's Corrective Action Plan:

The preparation of a general ledger for the Garnishment Fund has been corrected. Due to the problems associated with the accounting software system, management has commenced utilizing Quick Books for preparation of the general ledger. Management, in the presence of their counsel, is also scheduled to meet with David Faqua, the principal owner of the software system. Management is also presently preparing the bank reconciliation reports for the historical period at issue. It is anticipated that the reconciliation reports should be completed and available for review no later than November 23, 2001.

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS

In connection with our audit of the Marshal as of and for the year ended April 30, 2001, in accordance with the *Louisiana Governmental Audit Guide* we have also reviewed the status of material prior year findings included in our report dated August 23, 2000. The following table presents the status of those findings:

Schedule of Findings

00-01 State of Accounting and Reporting Function

Finding:

During our audit of the financial statements of the Marshal's office we observed certain matters which impair the ability of the accounting function to produce financial statements and related supporting documentation in an accurate and timely manner, both for external reporting purposes and internal decision making. Examples of items that indicate improvement is needed are as follows:

1. Bank reconciliations were not prepared in a timely manner throughout the year. As of January, 2000, the bank statements for the Sales Fund had not been reconciled to the general ledger since April, 1999.

Status:

Partially corrected. Management is presently preparing the bank reconciliation reports for the historical period at issue. It is anticipated that the reconciliation for the Garnishment Fund will be prepared and available for review no later than November 23, 2001.

2. The bank account for the Garnishment Fund had an adjustment ranging from \$100 to \$9,400 made by the computer to reconcile the check register to the bank statement. A review of the reconciliation report indicated checks and deposits had not been cleared per the register but had cleared the month per the bank statement. We noted approximately 5 checks which had been entered into the register did not agree with the carbon copy of the check. We were unable to determine if these checks should have been remitted or voided.

Status:

Not corrected. Management is presently preparing the bank reconciliation reports for the historical period at issue. It is anticipated that the reconciliation for the

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS

Garnishment Fund will be prepared and available for review no later than November 23, 2001.

3. We noted numerous mispostings throughout the year in which debits and credits were reversed. We also noted numerous instances of incorrect coding of expenses. We further noted that items were being posted in the General Fund that belonged in the Sales Fund.

Status:

Corrected. All coding has been corrected. Management is presently applying postings to the correct account. All items for the General and Sales Fund are being posted to the appropriate accounts.

4. Subsidiary ledgers for the Garnishment Fund have not been reconciled to the general ledger.

Status:

Not corrected. Due to the problems associated with the accounting software system, data is presently being transferred to Quick Books to correct this problem.

5. No data backups were performed until March, 2000.

Status:

Corrected. Daily backups are being done and are kept off site.

6. Blank check stock is maintained in an unsecured location.

Status:

Corrected. Blank check stock is currently being maintained in a locked filing cabinet. The garnishment and sales clerk are the only two who have keys.

7. Invoices are not filed by vendor; carbon check copies are attached to invoices and not filed numerically in a separate binder. Furthermore, all invoices are not date stamped indicating receipt of items or payment. In some instances, invoices could not be located.

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS

Status:

Corrected. Invoices are currently filed by vendor and are being date stamped indicating receipt of invoices and payment.

8. A detail listing of general fixed assets is not maintained by the Marshal's Office throughout the year.

Status:

Corrected. Major Steve Risher has been designated as the employee responsible for ensuring that all newly acquired fixed assets shall be added to the inventory list as soon as the asset is delivered and a property number tag is placed on it.

9. Although the Sales Fund is supposed to be self-liquidating, we were unable to determine why a balance remained in the Fund or how much is due to others.

Status:

Corrected. Outstanding wrecker bills were paid. Some outstanding deposits from sequestrations and seizure and sales were returned to the plaintiffs once the suits were disposed of.

00-02 Code of Ethics

Finding:

Louisiana Revised Statutes (LRS) Section 42 specifies the code of ethics for public employees and elected officials in the state and its various political subdivisions. As an elected official, the Marshal is subject to the provisions of Section 42. LRS 42:1112 B. states, in part, "*No public servant . . . shall participate in a transaction involving the governmental entity in which, to his actual knowledge, any of the following persons has a substantial economic interest: (1) any member of his immediate family . . .*". LRS Section 42 defines "immediate family" as including children and the spouses of children. The Marshal has contracted for legal services with a law firm in which his son-in-law has a substantial economic interest. This relationship would appear to be in violation of LRS 42:1112 as quoted above.

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS

Status:

Corrected.

Management Letter

Fixed Assets

Finding:

Tagging and location tracking of equipment and furnishings purchased with Marshal's funds are not evident. LRS 24:515 requires that records be maintained of all land, buildings, equipment and any other general fixed assets that were purchased or otherwise acquired.

Status:

Partially corrected. Major Steve Risher has been designated as the employee responsible for ensuring that all newly acquired fixed assets shall be added to the inventory list as soon as the asset is delivered and a property number tag is placed on it.

Distribution of Seized Funds

Finding:

All seized property sold or reclaimed should have an expense distribution report prepared to verify funds received and subsequent distribution. During our audit we noted in 8 of 10 cases reviewed, expense distribution reports could not be located to support the calculation of the amount of funds received and their subsequent distribution.

Status:

Corrected. We are currently keeping copies of seized property expense distribution reports on hand.



John L. Luffey, MBA, CPA
Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA
Carolyn A. Clarke, CPA

MANAGEMENT LETTER

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

In planning and performing our audit of the component unit financial statements of the Monroe City Marshal, Monroe, Louisiana (the Marshal) for the year ended April 30, 2001, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated August 30, 2001 on the financial statements of the Marshal.

Processing of Vendor Invoices for Payment

Finding:

We noted that a few invoices did not have any indication that they were approved for payment or that the items being billed had actually been received by the Marshal's office. Acceptable accounting practice requires that these items should be shown on each and every invoice being processed for payment. Such approvals will ensure that what is being invoiced has been received and that the invoices are legitimate expenses for which value has been received in return.

Recommendation:

We recommend the Marshal impress upon the responsible parties the importance of having the proper approval and receipt on all invoices before they are processed for payment.

Management's Corrective Action Plan:

All invoices will be stamped by the Marshal before being entered into the system for payment. After a check has been issued, each invoice will then be stamped for payment.

Mr. Richard E. Reitzell
Monroe City Marshal
Page 2 of 2

Deposit Collateralization

Finding:

At April 30, 2001, cash on deposit with one financial institution exceeded Federal Deposit Insurance coverage by \$4,170 and there was no collateral pledged to secure this excess. Applicable state laws require that such excess deposits be protected from potential loss by a pledge of collateral equal to or excess of the uninsured deposit amount.

Recommendation:

Management should review bank statements monthly, determine the amount of any excess deposits, and then work with the financial institution to be sure that an adequate amount of collateral is pledged to protect the cash from potential loss.

Management's Corrective Action Plan:

Management will monitor closely each month's bank deposits of all accounts. If in the event of an overage of \$100,000, the bank will be contacted to pledge collateral in the Marshal's name to cover funds.



(A Professional Accounting Corporation)

August 30, 2001