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MONROE CITY MARSHAL

Financial Statements For the Year Ended April 30, 2000

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 11-01-00

MONROE CITY MARSHAL
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2000

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MONROE CITY MARSHAL

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2000

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Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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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 as of and for the year ended April 30, 2000, 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards, the standards for 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.

Because of the inadequacy of accounting records for the year ended April 30, 2000, we were unable to form an opinion regarding the financial activities of the Fiduciary Fund Type column included in the accompanying component unit financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the financial activities of the Fiduciary Fund Type, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Monroe City Marshal as of April 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2000, 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. Except for the Fiduciary Fund Type Schedule of Changes in Assets and Liabilities, which is marked "unaudited" and on which we express no opinion, 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 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 23, 2000

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

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
COMBINED BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF APRIL 30, 2000

	Governmental Fund Type	Fiduciary Fund Type (Unaudited)
ASSETS AND OTHER DEBITS		
Cash	\$ 18,505	\$ 28,382
Accounts Receivable - Monroe City Court	25,200	974
Prepaid Insurance	3,948	-
Property and Equipment:		
Land and Buildings	-	-
Vehicles	-	-
Furniture and Equipment	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-
	47,653	29,356
TOTAL ASSETS AND OTHER DEBITS	\$ 47,653	\$ 29,356
LIABILITIES, FUND EQUITY, AND OTHER CREDITS		
Liabilities		
Accounts Payable	\$ 27,026	\$ -
Due To Others	-	29,356
Long Term Obligations	-	-
Total Liabilities	27,026	29,356
Fund Equity and Other Credits		
Investment in General Fixed Assets	-	-
Fund Balance	20,627	-
Total Fund Equity and Other Credits	20,627	-
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 47,653	\$ 29,356

The accompanying notes are an integral part of this statement.

<u>Account Groups</u>		<u>Totals</u>	
<u>General</u>	<u>General</u>	<u>(Memorandum Only)</u>	
<u>Fixed</u>	<u>Long-Term</u>	<u>April 30,</u>	<u>April 30,</u>
<u>Assets</u>	<u>Debt</u>	<u>2000</u>	<u>1999</u>
\$ -	\$ -	\$ 46,887	\$ 22,765
-	-	26,174	23,511
-	-	3,948	2,767
158,952	-	158,952	158,091
55,953	-	55,953	22,253
162,284	-	162,284	134,759
-	12,936	12,936	38,926
<u>\$ 377,189</u>	<u>\$ 12,936</u>	<u>\$ 467,134</u>	<u>\$ 403,072</u>
\$ -	\$ -	\$ 27,026	\$ 26,825
-	-	29,356	9,891
-	12,936	12,936	38,926
-	12,936	69,318	75,642
377,189	-	377,189	315,103
-	-	20,627	12,327
<u>377,189</u>	<u>-</u>	<u>397,816</u>	<u>327,430</u>
<u>\$ 377,189</u>	<u>\$ 12,936</u>	<u>\$ 467,134</u>	<u>\$ 403,072</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, 2000
WITH COMPARATIVE TOTALS FOR 1999

	General Fund	
	2000	1999
Revenues		
Court Costs	\$ 300,310	\$ 256,090
Storage, Mileage and Summons, Eviction, Warrant and Mortgage Certificate Fees	5,912	9,972
Local Funds - City of Monroe	678,513	715,062
Interest Income	140	185
Other	3,729	20,157
Total Revenues	988,604	1,001,466
Expenditures		
Judicial:		
Current:		
Salaries and Wages	505,894	534,573
Fringe Benefits	150,931	158,838
Automobile and Operating Allowances	122,750	104,275
Deputy Supplemental Pay	18,875	31,423
Insurance	7,351	3,515
Maintenance and Supplies	18,838	10,579
Miscellaneous	4,187	6,088
Mortgage Certificate Expenses	267	902
Office Supplies and Printing	7,089	14,479
Police Dog Equipment and Supplies	653	7,071
Postage	1,900	1,720
Professional Fees	34,859	17,697
Radio Service	1,102	4,034
Travel and Seminars	12,684	17,792
Utilities	23,152	18,700
Warrant Car Expenses	12,075	11,865
Debt Service:		
Principal Retirement	25,990	17,244
Interest Charges	2,046	5,089
Capital Outlay	29,661	63,402
Total Expenditures	980,304	1,029,286
Excess (Deficiency) of Revenues Over Expenditures	8,300	(27,820)
Other Financing Sources: Loan Proceeds	-	12,126
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	8,300	(15,694)
Fund Balance at Beginning of Year	12,327	28,021
FUND BALANCE AT END OF YEAR	\$ 20,627	\$ 12,327

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, 2000

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, 2000

- 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 such fixed assets are valued at historical cost. Donated fixed assets are valued at

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, 2000

their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets. Included in general fixed assets are leased assets totaling \$12,126.

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

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 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 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, 2000

II. 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. Reclassifications of Prior Year

Minor reclassifications to the 1999 financial statements have been made to make them comparable with the current year presentation.

K. 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, 2000

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, 2000 are shown as Due to Others in the accompanying combined balance sheet.

Note 3 - Cash

At April 30, 2000, the carrying amount of the Marshal's cash deposits was \$46,887 and the bank balances were \$66,917, 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 that had not cleared the bank by April 30, 2000.

Note 4 - General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 30, 1999	Additions	Retirements	Balance April 30, 2000
Land and Buildings	\$ 158,091	\$ 861	\$ -	\$ 158,952
Vehicles	22,253	33,700	-	55,953
Furniture and Equipment	134,759	28,800	1,275	162,284
	<u>\$ 315,103</u>	<u>\$ 63,361</u>	<u>\$ 1,275</u>	<u>\$ 377,189</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, 2000:

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, 2000

	<u>Balance April 30, 1999</u>	<u>Additional Borrowings</u>	<u>Repayments</u>	<u>Balance April 30, 2000</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.	\$ 21,307	\$ -	\$ (16,636)	\$ 4,671
Capital Lease Obligation (Note 7)	10,456	-	(2,191)	8,265
Chattel Mortgage Note to AmSouth Bank for \$10,953, due September 30, 2002, at 10.65%, in monthly installments of \$281.23	<u>7,163</u>	<u>-</u>	<u>(7,163)</u>	<u>-</u>
	<u>\$ 38,926</u>	<u>\$ -</u>	<u>\$ (25,990)</u>	<u>\$ 12,936</u>

The debt service requirements to amortize long-term debt other than capital lease obligations at April 30, 2000 are as follows:

Year Ended	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>April 30,</u> 2000	<u>\$ 4,671</u>	<u>\$ 191</u>	<u>\$ 2,814</u>

On March 15, 2000, the Marshal entered into a credit facility with the City of Monroe for the purchase of two vehicles totaling \$40,784. The Marshal will reimburse the City of Monroe the purchase price with interest at the rate of 5.75% per annum over a three-year period. As of April 30, 2000, the vehicles had not been received nor had payments been made.

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 \$678,513 on behalf of the Marshal during the year ended April 30, 2000.

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, 2000

Note 7 - Lease Commitments

The Marshal leases various office equipment. Rental expense in connection with the lease was \$1,007 for the year ended April 30, 2000.

Future minimum lease payments required under capital leases and noncancellable operating leases for the next 5 years and in the aggregate are as follows:

	Capital Leases	Operating Leases
2001	\$ 3,114	\$ 1,072
2002	3,114	1,072
2003	3,114	804
2004	260	-
2005	-	-
Total	9,602	\$ 2,948
<i>Less: Amounts representing interest</i>	<i>(1,337)</i>	
Present Value of future minimum lease payments	\$ 8,265	

Note 8 - Risk Financing Activities

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

Note 9 - Litigation

As of April 30, 2000, the Marshal is named as a defendant in a lawsuit alleging liability for damages caused by a deputy marshal in an automobile accident. Management of the Marshal intends to vigorously contest this matter. Liability has not been established 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 case load 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)
GARNISHMENT/SALES AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED APRIL 30, 2000
(UNAUDITED)

	<u>Balance April 30, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance April 30, 2000</u>
ASSETS				
Cash	\$ 9,891	\$ 659,367	\$ 640,876	\$ 28,382
Accounts Receivable	<u>-</u>	<u>974</u>	<u>-</u>	<u>974</u>
TOTAL ASSETS	<u>\$ 9,891</u>	<u>\$ 660,341</u>	<u>\$ 640,876</u>	<u>\$ 29,356</u>
LIABILITIES				
Due To Others	<u>\$ 9,891</u>	<u>\$ 660,341</u>	<u>\$ 640,876</u>	<u>\$ 29,356</u>
TOTAL LIABILITIES	<u>\$ 9,891</u>	<u>\$ 660,341</u>	<u>\$ 640,876</u>	<u>\$ 29,356</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, 2000

	<u>April 30,</u> <u>1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30,</u> <u>2000</u>
General Fixed Assets				
Land and Buildings	\$ 158,091	\$ 861	\$ -	\$ 158,952
Vehicles	22,253	33,700	-	55,953
Furniture and Equipment	<u>134,759</u>	<u>28,800</u>	<u>(1,275)</u>	<u>162,284</u>
	<u>\$ 315,103</u>	<u>\$ 63,361</u>	<u>\$ (1,275)</u>	<u>\$ 377,189</u>
 Investment in General Fixed Assets				
Acquired From General Fund of the Marshal	<u>\$ 315,103</u>	<u>\$ 63,361</u>	<u>\$ (1,275)</u>	<u>\$ 377,189</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

MONROE CITY MARSHAL
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
STATEMENT OF MATURITIES OF GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED APRIL 30, 2000

	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	\$ 4,671	\$ 4,671	\$ -	\$ 4,671	General Fund
Capital Lease Obligation	8,265	2,415	5,850	8,265	General Fund
TOTALS - APRIL 30, 2000	\$ 12,936	\$ 7,086	\$ 5,850	\$ 12,936	

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



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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

**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, Monroe, Louisiana (the Marshal) as of and for the year ended April 30, 2000 and have issued our report thereon dated August 23, 2000. In our report, we did not express an opinion on the Fiduciary Fund Type due to inadequate accounting records. We conducted our audit in accordance with generally accepted auditing standards; 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings as items 00-01 and 00-02. We also noted an immaterial instance of noncompliance that we have reported to management of the Marshal in a separate letter dated August 23, 2000.

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 certain

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

matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings as item 00-01.

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 00-01 to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management of the Marshal's office in a separate letter dated August 23, 2000.

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 23, 2000

**MONROE CITY MARSHAL
MONROE, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED APRIL 30, 2000**

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

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.
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.
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.
4. Subsidiary ledgers for the Garnishment Fund have not been reconciled to the general ledger.
5. No data backups were performed until March, 2000.
6. Blank check stock is maintained in an unsecured location.
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
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED APRIL 30, 2000**

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

The entries required to correct these matters indicate that supervisory review of account balances is inadequate and timely reconciliation of balance sheet accounts is not taking place. 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.

Recommendation:

All balance sheet accounts should be reconciled each month. Revenue and expenditure accounts should also be reviewed for obvious errors or omissions.

Management's Corrective Action Plan:

We have hired a new bookkeeper that will be responsible for working closely with our accountants to correct the problems noted above. She will be responsible for providing the Marshal with financial statements on a monthly basis. The checking accounts will be reconciled monthly. Blank checks have been secured in a locked fire-proof file and invoices are being filed by vendor. Invoices are being required before checks will be issued. Check duplicates are being filed in numerical order. Checks per the register that did not agree with the check duplicates have been corrected to agree with both the duplicates and the bank statements. An inventory listing will be maintained and updated as items are purchased. The past due accounts payable in the Sales Fund have been cleared as of August 23, 2000.

**MONROE CITY MARSHAL
MONROE, LOUISIANA
SCHEDULE OF FINDINGS (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2000**

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.

Recommendation:

The Marshal should seek guidance from the state Ethics Board as to the propriety of the relationship with the law firm.

Management's Corrective Action Plan:

The state Ethics Board has been notified and a decision is pending. Another law firm independent of the Marshal's immediate family has been contracted for legal services.

**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, 2000, in accordance with the *Louisiana Governmental Audit Guide* we have also reviewed the status of material prior year findings included in our report dated October 22, 1999. The following table presents the status of that finding:

Schedule of Findings and Questioned Costs

99-01 RECONCILIATION OF GARNISHMENT BANK ACCOUNT

Finding:

In performing our audit of the Marshal as of and for the year ended April 30, 1999 we expressed concern over certain matters in the accounting and reporting function. The more serious of these matters concerned the reconciliation of the Garnishment Agency Fund to both the bank statements and to a subsidiary ledger and the use of software that was not certified Y2K compliant.

Status:

To be corrected through software conversion which is ongoing; see also current year finding 00-01.

Management Letter

Invoices Not Available

Finding:

Invoices or bills of sale were not available to support the purchase price of certain items.

Status:

Partially corrected. Invoices were available to support majority of required purchased items during the 1999 – 2000 Fiscal Year. Invoices or bills of sale are now required to accompany purchased items. See comment at 00-01.

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS (Continued)

Distribution of Seized Funds

Finding:

Funds received for payment of seized property did not have an expense distribution report to support the calculation of the amount of funds received and their subsequent distribution.

Status:

Partially corrected. Distribution reports were available for some funds received. Distribution reports are forwarded to Monroe City Court for filing. Copies of distribution reports are now kept on file at the Marshal's Office. See Management Letter.

Automobile Insurance

Finding:

The Marshal currently uses seven vehicles of which four are registered as belonging to the Monroe City Marshal and three are registered to the City of Monroe. The three vehicles registered in the City's name were uninsured increasing the risk of liability to the Marshal's Office.

Status:

Corrected.

Gasoline Credit Card

Finding:

We noted gasoline tickets were not reviewed for the appropriateness of the expenditure and reconciled to the monthly statement.

Status:

Corrected

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SUMMARY STATUS OF PRIOR YEAR FINDINGS (Continued)

Miscellaneous Expenditures

Finding:

We noted expenditures for certain items did not appear reasonable and necessary to the operations of the office and should not be paid for with public funds.

Status:

Partially corrected. We noted four instances where expenditures had been made for items which did not appear reasonable and necessary to the operations of the office and were not reimbursed.



Luffey
Huffman
& Monroe

(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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Francis I. Huffman, CPA
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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, 2000, 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 23, 2000 on the financial statements of the Marshal.

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.

Recommendation:

We recommend the Marshal review expenditures charged to capital outlay accounts on a monthly basis and evaluate the expenditures for appropriate inclusion in or exclusion from the general fixed assets records. After identification, the assets can be properly tagged for identification. The original cost and location should be noted for timely inclusion in the records. The records should also provide for keeping up with the asset when it is moved from one location to another.

Management's Corrective Action Plan:

Asset will be tagged by October 15, 2000. New purchases will be identified and tagged immediately. Fixed asset records are being maintained by the bookkeeper as of August 15, 2000.

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

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.

Recommendation:

We recommend the Marshal's Office maintain a copy of the expense distribution reports that are submitted to the Monroe City Court for filing to support the amount of funds received in payment for seized property and the subsequent distribution of these funds.

Management's Corrective Action Plan:

The sales clerk and deputies receiving funds in payment for seized property will properly complete expense distribution reports beginning immediately. Copies of the distribution reports will be kept on file at the Marshal's Office.



(A Professional Accounting Corporation)

August 23, 2000