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MONROE CITY MARSHAL

Financial Statements For the Year Ended April 30, 2002

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Release Date 11/13/02

MONROE CITY MARSHAL

FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED APRIL 30, 2002

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Francis I. Huffman, CPA
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Esther Attenberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

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, 2002, 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 noted in the following paragraph, 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.

Because of the inadequacy of accounting records for the year ended April 30, 2002, 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, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2002, 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 an adverse opinion on the component unit financial statements of the Monroe City Marshal.



(A Professional Accounting Corporation)

October 3, 2002

***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 GROUP
AS OF APRIL 30, 2002

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type (Unaudited)</u>
ASSETS AND OTHER DEBITS		
Cash	\$ 767	\$ 29,090
Accounts Receivable - Monroe City Court	15,720	766
Prepaid Insurance	1,450	-
Property and Equipment:		
Land and Buildings	-	-
Vehicles	-	-
Furniture and Equipment	-	-
	17,937	29,856
TOTAL ASSETS AND OTHER DEBITS	\$ 17,937	\$ 29,856
LIABILITIES, FUND EQUITY, AND OTHER CREDITS		
Liabilities		
Accounts Payable	\$ 5,886	\$ -
Due To Others	4,325	29,856
Total Liabilities	10,211	29,856
Fund Equity and Other Credits		
Investment in General Fixed Assets	-	-
Fund Balance	7,726	-
Total Fund Equity and Other Credits	7,726	-
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 17,937	\$ 29,856

The accompanying notes are an integral part of this statement.

<u>Account Group</u>	<u>Totals</u>	
	<u>(Memorandum Only)</u>	
	<u>April 30,</u>	<u>April 30,</u>
<u>General</u>	<u>2002</u>	<u>2001</u>
<u>Fixed</u>		
<u>Assets</u>		
\$ -	\$ 29,857	\$ 70,614
-	16,486	21,054
-	1,450	1,539
159,732	159,732	159,732
74,025	74,025	84,978
<u>154,906</u>	<u>154,906</u>	<u>154,249</u>
\$ <u>388,663</u>	\$ <u>436,456</u>	\$ <u>492,166</u>
\$ -	\$ 5,886	\$ 11,063
-	34,181	69,012
<u>-</u>	<u>40,067</u>	<u>80,075</u>
388,663	388,663	398,959
-	7,726	13,132
<u>388,663</u>	<u>396,389</u>	<u>412,091</u>
\$ <u>388,663</u>	\$ <u>436,456</u>	\$ <u>492,166</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, 2002
WITH COMPARATIVE TOTALS FOR 2001

	<u>General Fund</u>	
	<u>2002</u>	<u>2001</u>
Revenues		
Court Costs	\$ 207,125	\$ 271,585
Storage, Mileage and Summons, Eviction, Warrant and Mortgage Certificate Fees	4,660	3,307
Local Funds - City of Monroe	688,584	705,309
Interest Income	85	348
Other	7,635	3,060
Total Revenues	<u>908,089</u>	<u>983,609</u>
Expenditures		
Judicial:		
Current:		
Salaries and Wages	497,642	534,141
Fringe Benefits	162,197	150,461
Automobile and Operating Allowances	138,800	130,501
Deputy Supplemental Pay	27,849	15,116
Insurance	5,885	11,761
Maintenance and Supplies	9,213	11,152
Miscellaneous	13,941	11,656
Mortgage Certificate Expenses	10	15
Office Supplies and Printing	6,621	12,375
Police Dog Equipment and Supplies	158	67
Postage	1,250	2,047
Professional Fees	12,356	15,967
Radio Service	3,122	3,942
Travel and Seminars	1,870	5,459
Utilities	28,471	26,082
Warrant Car Expenses	3,453	7,137
Debt Service:		
Principal Retirement	-	6,254
Interest Charges	-	1,774
Capital Outlay	657	45,197
Total Expenditures	<u>913,495</u>	<u>991,104</u>
Deficiency of Revenues Over Expenditures	(5,406)	(7,495)
Fund Balance at Beginning of Year	<u>13,132</u>	<u>20,627</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,726</u>	<u>\$ 13,132</u>

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, 2002

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, 2002

- 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 5), 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, 2002

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, 2002

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, 2002

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, 2002 are shown as Due to Others in the accompanying combined balance sheet.

Note 3 - Cash

At April 30, 2002, the carrying amount of the Marshal's cash deposits was \$29,857 and the bank balances were \$70,978, 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, 2002.

Note 4 - General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance April 30, 2001	Additions	Retirements	Balance April 30, 2002
Land and Buildings	\$ 159,732	\$ -	\$ -	\$ 159,732
Vehicles	84,978	-	10,953	74,025
Furniture and Equipment	154,249	657	-	154,906
	<u>\$ 398,959</u>	<u>\$ 657</u>	<u>\$ 10,953</u>	<u>\$ 388,663</u>

Note 5 - On Behalf Payments

The City of Monroe, governing authority of the Monroe City Marshal, paid salaries, benefits and certain other operating expenses totaling approximately \$688,584 on behalf of the Marshal during the year ended April 30, 2002.

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, 2002

Note 6 - Lease Commitments

The Marshal leases various office equipment. Rental expense in connection with the leases was \$4,875 for the year ended April 30, 2002.

Note 7 - Risk Financing Activities

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

Note 8 - Litigation

As of April 30, 2002, 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 9 - Disclosures About Concentrations

The City of Monroe is required by law to fund the operations of the Monroe City Marshal. The Marshal receives over 75% 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 GROUP***

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, 2002
(UNAUDITED)

	<u>Balance April 30, 2001</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance April 30, 2002</u>
ASSETS				
Cash	\$ 44,893	\$ 950,517	\$ 966,320	\$ 29,090
Accounts Receivable	<u>1,794</u>	<u>-</u>	<u>1,028</u>	<u>766</u>
TOTAL ASSETS	<u>\$ 46,687</u>	<u>\$ 950,517</u>	<u>\$ 967,348</u>	<u>\$ 29,856</u>
LIABILITIES				
Due To Others	<u>\$ 46,687</u>	<u>\$ 950,517</u>	<u>\$ 967,348</u>	<u>\$ 29,856</u>
TOTAL LIABILITIES	<u>\$ 46,687</u>	<u>\$ 950,517</u>	<u>\$ 967,348</u>	<u>\$ 29,856</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, 2002

	<u>April 30,</u> <u>2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30,</u> <u>2002</u>
General Fixed Assets				
Land and Buildings	\$ 159,732	\$ -	\$ -	\$ 159,732
Vehicles	84,978	-	(10,953)	74,025
Furniture and Equipment	<u>154,249</u>	<u>657</u>	<u>-</u>	<u>154,906</u>
	<u>\$ 398,959</u>	<u>\$ 657</u>	<u>\$ (10,953)</u>	<u>\$ 388,663</u>
 Investment in General Fixed Assets				
Acquired From General Fund of the Marshal	<u>\$ 398,959</u>	<u>\$ 657</u>	<u>\$ (10,953)</u>	<u>\$ 388,663</u>

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



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Attenberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

**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 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, 2002 and have issued our report thereon dated October 3, 2002. 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 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 immaterial instances of noncompliance that we have reported to management of the Marshal in a separate letter dated October 3, 2002.

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

ures for the purpose of

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. The reportable conditions are described in the accompanying Schedule of Findings as item 02-01.

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 conditions described in the accompanying Schedule of Findings as item 02-01 to be material weaknesses. 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 October 3, 2002.

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)

October 3, 2002

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SCHEDULE OF FINDINGS

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

02-01 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. Several of the agreed-upon audit adjustments resulting from last year's audit were made incorrectly on the general ledger. Therefore, the beginning balances on the general ledger were not in agreement with last year's financial statements. Additionally, the fund balances were not reconciled to last year's financial statements.
2. We noted that all of the account balances for accruals from last year's audit, including receivables, payables, and prepaid expenses, remained unchanged when audit fieldwork commenced. Therefore, they had to be reversed and accrual amounts had to be determined and recorded before a reasonably adjusted trial balance was available for the application of audit procedures. This results in excessive work by the independent auditors that should be performed by the auditee.
3. On-behalf payments made by the City of Monroe were not recorded on the general ledger even though that information is readily available.
4. 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. Additionally, the subsidiary accounts receivable ledger for the Sales Fund was not reconciled to the general ledger.
5. Trial balances provided by the auditee did not agree with the balances on the general ledger when audit fieldwork commenced. This was because certain entries were made by the auditee after the trial balances were printed.
6. The software installed to maintain a database for transactions in the Garnishment Fund performs certain calculations and distributions automatically. The database is downloaded monthly to the auditee's general ledger system.

**MONROE CITY MARSHAL
MONROE, LOUISIANA**

SCHEDULE OF FINDINGS

However, it is unclear as to precisely how the database determines how much is recorded in the revenue and expense accounts and there is no readily apparent audit trail.

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.

It is apparent that, even though the current accounting staff is diligent in performing their operational duties and responsibilities, none are adequately educated, trained, or knowledgeable in accounting. Therefore, the preparation of reliable and relevant financial statements and reports is not reasonably possible.

Management should consider hiring or engaging a properly qualified accountant or other professional to review the complex method of operating its Garnishment Fund database and institute a system that is capable of producing complete, accurate, and timely financial data on which management can rely for making its decisions.

Management's Corrective Action Plan:

An election for City Marshal was held on October 5, 2002. The current marshal is retiring December 31, 2002 and the newly elected marshal is aware of the problems that exist with the garnishment and sales funds. After he takes office January 1, 2003 he will work with the City of Monroe in hiring a qualified accountant to oversee the entire accounting function of the City Marshal's office.

**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, 2002, 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 30, 2001. The following table presents the status of those findings:

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. 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.

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.

Status:

Partially corrected. A comprehensive database program that contains detailed information concerning transactions in the Garnishment Fund has been installed. Management is continuing to work with qualified personnel so that the information in the database can be downloaded to a Quick Books general ledger that will result in a reliable accounting system capable of generating financial records, reports, and statements as needed for its decision making process and reporting requirements. (See current year finding 02-01).

MONROE CITY MARSHAL
MONROE, LOUISIANA

SUMMARY STATUS OF PRIOR YEAR FINDINGS

Management Letter

Processing of Vendor Invoices for Payment

Finding:

It was 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.

Status:

Corrected.

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 in excess of the uninsured deposit amount.

Status:

Corrected.



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Attenberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

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, 2002, 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 October 3, 2002 on the financial statements of the Marshal.

1. Processing of Expense Accounts for Payment

Finding:

From a random selection of sixty (60) cash disbursements, we noted three (3) instances in which employees were reimbursed for their cost of meals and mileage for travel. None of those instances were properly documented by receipts, the number of miles traveled, or the rate per mile.

Recommendation:

We recommend the Marshal impress upon the responsible parties the importance of preparing expense reports, including appropriate documentation and approval for payment, before reimbursement checks are issued.

Management's Corrective Action Plan:

A travel expense form will be implemented and used to support all travel. The expense form will include destination, mileage to and from, rate per mile, purpose of trip and per diem for meals. All expense reports will be approved by the Chief Deputy or City Marshal.

2. Account Coding

Finding:

Within the same sixty (60) disbursements selected for testing, we noted four (4) instances in which consumable supplies were recorded in the Equipment account rather than to an operating expense account. Additionally, payments made to the City of Monroe were also included in the Equipment account rather than being recorded as a reduction of the liability recorded on the general ledger.

Recommendation:

We recommend that careful consideration be given to the account coding for the types of transactions described in the above finding. Future disbursements of those kinds should not be recorded in the Equipment account which is intended to record the cost of fixed assets that are to be capitalized and added to the Inventory of Fixed Assets.

Management's Corrective Action Plan:

All account coding will be reviewed for proper coding to be sure that only capital items are charged to the Equipment account.



(A Professional Accounting Corporation)

October 3, 2002