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**Monroe City Marshal
Monroe, Louisiana**

**Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2003**

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.

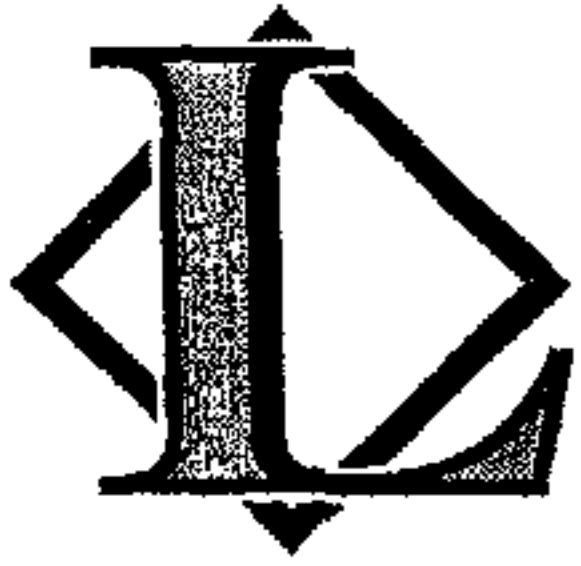
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Monroe City Marshal
Monroe, Louisiana

Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2003

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LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana

We have audited the component unit financial statements of the Monroe City Marshal as of April 30, 2003, and for the year then ended, 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 U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of the accounting records for the year ended April 30, 2003, we were unable to form an opinion regarding the financial activities of the Fiduciary Fund Type included in the 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 unable to satisfy ourselves as to the financial activities of the Fiduciary Fund Type, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Monroe City Marshal as of April 30, 2003, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana
April 30, 2003

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2003, 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.

Little & Associates

Monroe, Louisiana
October 22, 2003

**COMPONENT UNIT FINANCIAL STATEMENTS
(OVERVIEW)**

Statement A

MONROE CITY MARSHAL
 (A Component Unit of the City of Monroe, Louisiana)
 ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet
 April 30, 2003

	GOVERNMENTAL FUND TYPE - GENERAL FUND	FIDUCIARY FUND TYPE (UNAUDITED)	ACCOUNT GROUP - GENERAL FIXED ASSETS	ACCOUNT GROUP - LONG-TERM DEBT	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS					
Assets:					
Cash & cash equivalents	\$ 5,507	\$55,662			\$61,169
Accounts receivable	13,640	8,950			22,590
Property and equipment			\$337,818		337,818
Other debits - amount to be provided for retirement of long-term obligations				\$5,998	5,998
TOTAL ASSETS	<u>\$19,147</u>	<u>\$64,612</u>	<u>\$337,818</u>	<u>\$5,998</u>	<u>\$427,575</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$3,895				\$3,895
Due to others	1,325	\$64,612			65,937
Lease-purchase obligation				\$5,998	5,998
Total liabilities	5,220	64,612	NONE	5,998	75,830
Fund Equity:					
Investment in general fixed assets			\$337,818		337,818
Fund balance - unreserved - undesignated	13,927				13,927
Total Fund Equity	13,927	NONE	337,818	NONE	351,745
TOTAL LIABILITIES AND FUND EQUITY	<u>\$19,147</u>	<u>\$64,612</u>	<u>\$337,818</u>	<u>\$5,998</u>	<u>\$427,575</u>

The accompanying notes are an integral part of this statement.

Statement B

MONROE CITY MARSHAL
 (A Component Unit of the City of Monroe, Louisiana)
 GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 For the Year Ended April 30, 2003

REVENUES	
Court costs	\$182,060
Local funds - City of Monroe	725,424
Interest income	3
Other income	<u>2,434</u>
Total revenues	<u>909,921</u>
EXPENDITURES	
Judicial:	
Current:	
Salaries and wages	493,840
Fringe benefits	166,822
Deputy supplemental pay	40,213
Automobile allowance	116,100
Uniforms	22,572
Insurance	2,458
Maintenance and supplies	5,991
Miscellaneous	2,916
Office supplies	5,049
Postage	536
Professional fees	15,324
Radio and communication services	1,147
Lease	5,239
Travel and seminars	2,304
Utilities	20,870
Warrant car expense	2,339
Capital outlay	<u>5,998</u>
Total expenditures	<u>909,718</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>203</u>
OTHER FINANCING SOURCE	
Proceeds from capital lease	<u>5,998</u>
Total other financing source	<u>5,998</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	6,201
FUND BALANCE AT BEGINNING OF YEAR	<u>7,726</u>
FUND BALANCE AT END OF YEAR	<u><u>\$13,927</u></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 the Financial Statements
As of and for the Year Ended April 30, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided for by the Louisiana State Legislature by Act 32 of 1960, Louisiana Revised Statutes 13:1879, the Monroe City Marshal (the "Marshal") is the executive officer of the Monroe City Court (the "Court"). The Marshal is responsible for carrying out the orders of the Court as handed down by its judges. Those orders include the service of process of both civil and criminal suits. The Marshal, whose jurisdiction includes Wards 3 and 10 of Ouachita Parish, is elected for a period of six years. The current term expires December 31, 2006. The Marshal is independently responsible for the General Fund and the trust and agency funds.

A. REPORTING ENTITY

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

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

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

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

Because the City provides the building in which the Marshal's office is located, a portion of its furnishings, and provides other financial support to the Marshal, the Marshal was determined to be a component unit of the City of Monroe, the 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 financial reporting entity.

B. FUND ACCOUNTING

The Marshal uses funds and account groups to report on financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Marshal's current operations require the use of governmental (General Fund) and fiduciary fund types (Agency Fund). The general 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. The agency fund is used as a depository for garnishments and proceeds from the Marshal's sales. Disbursements from the fund are made to the Marshal, litigants, et cetera, in the manner prescribed by law. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**C. GENERAL FIXED ASSETS
AND LONG-TERM DEBT ACCOUNTS**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account group, rather than in the General Fund. General fixed assets provided by the City of Monroe are recorded in the City's general fixed asset account group and are

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

not recorded by the Marshal. The majority of general fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets.

Long-term obligations expected to be financed from the General Fund are reported in the Long-Term Debt Account group. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when due.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Marshal uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

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

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

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

Expenditures

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

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

F. CASH

Under state law, the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Marshal may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At April 30, 2003, the Marshal has cash and cash equivalents (book balances) totaling \$61,169, all of which was in demand deposits. These deposits are stated at cost, which approximates market.

Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) at April 30, 2003, total \$73,424 and are fully secured by federal deposit insurance.

G. RISK MANAGEMENT

The Marshal is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. In order to handle such risk of loss, it is the Marshal's policy to maintain commercial insurance policies covering the Marshal's general and property liability, automobiles, and surety bond coverage. However, during the year ended April 30, 2003, the automobile and general and property liability insurance coverages lapsed. Subsequent to April 30, 2003, the Marshal renewed its automobile insurance coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts.

**H. TOTAL COLUMN ON THE
BALANCE SHEET**

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does 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.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

2. CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended April 30, 2003, is as follows:

Balance at April 30, 2002	\$ 29,856
Additions	1,024,935
Reductions	<u>(990,179)</u>
Balance at April 30, 2003	<u><u>\$ 64,612</u></u>

3. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in general fixed assets for the year ended April 30, 2003:

	<u>April 30,</u> <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30,</u> <u>2003</u>
Land and buildings	\$159,732			\$159,732
Vehicles	74,025			74,025
Furniture and equipment	<u>154,906</u>	<u>\$6,077</u>	<u>\$(56,922)</u>	<u>104,061</u>
	<u><u>\$388,663</u></u>	<u><u>\$6,077</u></u>	<u><u>\$(56,922)</u></u>	<u><u>\$337,818</u></u>

4. LEASES

Operating Leases

The Marshal leases various office equipment under operating leases. Rental expense in connection with these leases was \$4,875 for the year ended April 30, 2003. The future minimum lease payments under noncancelable operating leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
April 30, 2004	\$3,803

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

Capital Lease

The Marshal records items under capital leases as an asset and an obligation in the accompanying component unit financial statements. During the year ended April 30, 2003, the Marshal entered into a capital lease agreement for the lease of computer equipment. The following is a schedule of future minimum lease payments under the capital lease, together with the present value of the net minimum lease payments, as of April 30, 2003:

<u>Year Ending</u>	<u>Amount</u>
April 30, 2004	\$ 3,553
April 30, 2005	<u>3,553</u>
Net minimum lease payments	7,106
Less: Amount representing interest	<u>(1,108)</u>
Present value of net minimum lease payments	<u>\$ 5,998</u>

5. LITIGATION AND CLAIMS

As of April 30, 2003, the predecessor Marshal is named as a defendant in two lawsuits alleging liability for damages caused by deputy marshals in separate automobile accidents. The predecessor Marshal intends to vigorously contest these matters. Liability has not been established for either of the lawsuits and the extent of the plaintiff's injuries and damages has yet to be ascertained; thus, no accrual for loss, if any, has been recorded in the accompanying financial statements.

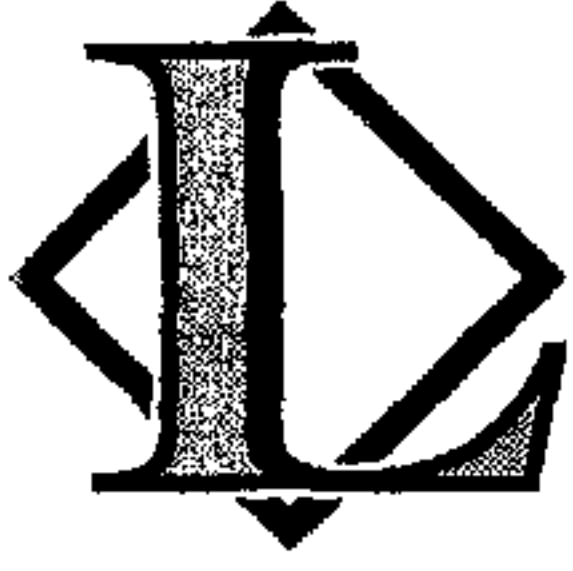
**6. EXPENDITURES OF THE CITY MARSHAL
PAID BY THE CITY OF MONROE**

The City of Monroe made on-behalf payments of \$725,424 for the Marshal for the year ended April 30, 2003, as follows:

Salaries	\$514,020
Fringe benefits	163,959
Operating expenses	<u>47,445</u>
Total	<u>\$725,424</u>

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

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



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditors' Report on Compliance and
Internal Control Over Financial Reporting Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana

We have audited the component unit financial statements of the Monroe City Marshal as of and for the year ended April 30, 2003, and have issued our report thereon dated October 22, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Monroe City 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 amounts. Providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, the results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. That finding is presented in the accompanying schedule of findings and questioned costs as item 03-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monroe City 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 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 financial reporting that, in our judgement, 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 and Questioned Costs as items 03-2 and 03-3.

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
April 30, 2003

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 over financial reporting 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 and Questioned Costs to be material weaknesses.

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

Little + Associates

Monroe, Louisiana
October 22, 2003

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. Except for a disclaimer of opinion on the Fiduciary Fund Type, the Independent Auditors' Report expresses an unqualified opinion on the component unit financial statements of the Monroe City Marshal.
2. One instance of noncompliance material to the financial statements of Monroe City Marshal was disclosed during the audit.
3. Several reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. These reportable conditions are deemed to be material weaknesses.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

03-1 Need to Comply with Louisiana Local Government Budget Act

Finding: Budgets were not adopted for the general fund for the year ended April 30, 2003. Louisiana Revised Statute (LRS) 39:1302 requires each political subdivision to prepare a budget. LRS 39:1302, as amended, now includes city courts, and thereby city marshals, in the definition of a political subdivision. In addition, LRS 39:1306 requires the Marshal to complete a proposed budget and to make it available for public inspection no later than fifteen days prior to the beginning of each fiscal year. LRS 39:1309 requires the Marshal to adopt the budget prior to May 1 of each year. The Marshal was not aware of the amendment to the definition of a political subdivision.

Recommendation: Management of the Marshal's office should familiarize itself with and comply with the requirements of the Local Government Budget Act.

Management's Corrective Action Plan: The Marshal stated that management will review the requirements of the Local Government Budget Act and will, in the future, adopt a budget for its general fund as required by the statutes.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2003

03-2 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. The adjusting journal entries resulting from prior years' audits were made either incorrectly in the general ledger or not at all. Therefore, the opening balances on the general ledger for the year ended April 30, 2003, did not agree with the prior year's financial statements. In addition, the fund balances were not reconciled to the prior year's financial statements.
2. On-behalf payments made by the City of Monroe were not recorded in the general ledger even though such information is readily available from the City. Also, the Marshal's office does not maintain a copy of those invoices paid by the City on behalf of the Marshal.
3. The Sales Fund is supposed to be self-liquidating. However, we were unable to determine why a balance remained in the Fund or how much is due to others.
4. The trial balance provided by the Marshal for the Garnishment Fund did not agree, in some instances, with the balances in the general ledger provided by the auditee. Additionally, the reconciled bank balances per the Marshal's bank reconciliations for the Sales Fund and the Garnishment Fund did not agree to each fund's bank balance as recorded in the fund's trial balance.
5. The software utilized to maintain the database for transactions in the Garnishment Fund performs certain calculations and distributions automatically. Each month's transactions are downloaded monthly to the Marshal's general ledger system. However, it is not clear as to how the software determines the amounts which are recorded in the general ledger's receipts and disbursements accounts.
6. The Garnishment Fund's software system (discussed above) does not permit the printing of an outstanding garnishment payable report. As a result, the Marshal is unable to reconcile the amount of garnishments payable per the software system to the amount of garnishments payable (Due to Others) in the general ledger. Also, the Marshal is of the opinion that the Garnishment Fund has unidentified funds, that is, funds which cannot be attributed to a specific case.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2003

The matters noted above contribute significantly to inefficiencies in the operations of the Marshal's accounting system, particularly with respect to the Garnishment Fund. In addition, these matters increase the risk that the decision-making process will be flawed due to the possibility that inaccurate or incomplete information may be provided to the decision makers. Furthermore, these matters increase the risk of misappropriation of assets and/or the risk that errors or irregularities in amounts material to the Marshal's financial position and results of operations could occur and go undetected by employees in the normal course of performing their assigned functions.

Recommendation: Adjusting journal entries should be recorded in the general ledger in a timely manner, and opening balances, including fund balances, should be reconciled to the prior year's financial statements. Furthermore, all general ledger balance sheet accounts, including the cash accounts, should be reconciled to supporting schedules on a monthly basis, and revenue and expense accounts should be reviewed for errors or omissions.

The on-behalf payments made by the City of Monroe should be recorded in the general ledger on a monthly basis. The Marshal should obtain from the City of Monroe copies of the documentation supporting such payments.

The Marshal should determine, to the extent possible, the amount of funds in the Garnishment Fund and the Sales Fund that are due to others and the amount of funds, if any, that are unidentified. If the Marshal has any unidentified funds, the Marshal should request an opinion from the Louisiana Attorney General as to the proper disposition of such funds.

The Marshal has purchased a new software system for maintaining the database for the transactions in the Garnishment Fund. In order to minimize the risk of inputting incorrect or inaccurate data into the new system, we recommend that the Marshal implement the new system only after determining the amount of funds in the Garnishment Fund that are due to others and the amount of funds, if any, that are unidentified.

Management's Corrective Action Plan: The Marshal has hired a full-time accountant for the purpose of overseeing the accounting process for all funds. The accountant has implemented procedures requiring monthly reconciliations of balance sheet accounts, including the cash accounts, and reviews of the revenue and expense accounts. In addition, the accountant will be responsible for obtaining the supporting documentation for the on-behalf payments made by the City of Monroe and reviewing such documentation on a monthly basis. Furthermore, the City's on-behalf payments will be recorded in the Marshal's general ledger monthly.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2003

The Marshal's office will determine, to the extent possible, the amount of funds in the Garnishment Fund and the Sales Fund that are due to others and the amount of funds, if any, that are unidentified. If the Marshal has any unidentified funds, the Marshal will request an opinion from the Louisiana Attorney General as to the proper disposition of such funds.

The Marshal will not began utilizing its new software system for the Garnishment Fund until a determination is made as to the amount of funds in the Garnishment Fund that are due to others and the amount of funds, if any, that are unidentified.

03-3 Insurance

Finding: The predecessor Marshal did not renew the automobile insurance coverage and the general and property liability insurance coverages during the year ended April 30, 2003. The current Marshal renewed the automobile insurance on June 11, 2003, but the general and property liability insurance had not been renewed as of October 22, 2003.

Recommendation: The Marshal should renew the general and property liability insurance as soon as possible. Also, in the future, the Marshal should not allow insurance coverages to lapse.

Management's Corrective Action Plan: The Marshal will perform a cost/benefit analysis relative to insuring the Marshal's equipment and will utilize such analysis in considering whether to renew the insurance on its equipment. With respect to insuring the real estate (land and buildings) reported in the Marshal's component unit financial statements, the Marshal has received a Louisiana Attorney General's Opinion which is not clear as to whether the Marshal owns such real estate. After consulting with City Attorney for the City of Monroe, the Marshal has determined that insurance coverage for the real estate will not be renewed until ownership of the real estate has been determined.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended April 30, 2003

In connection with our audit of the Marshal as of and for the year ended April 30, 2003, in accordance with the *Louisiana Governmental Audit Guide* we have also reviewed the status of prior year findings. The following presents the status of those findings:

Independent Auditors' Report on Compliance and Internal Control

02-01 State of Accounting and Reporting Function

Finding and Current Status: Certain matters were noted during the audit of the prior year's financial statements which impaired 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 was needed and the current status of such items are as follows:

1. The prior year's adjusting journal entries were not recorded in the general ledger.
Status: Unresolved. See the current year's Schedule of Findings and Questioned Costs.
2. Account balances for accruals from the prior year's audit remained unchanged.
Status: Resolved.
3. On-behalf payments made by the City of Monroe were not recorded in the general ledger.
Status: Unresolved. See the current year's Schedule of Findings and Questioned Costs.
4. Unable to determine why a balance remained in the Sales Fund (a self-liquidating fund) or how much is due to others. Also, the subsidiary accounts receivable ledger for the Sales Fund was not reconciled to the general ledger.
Status: Partially Resolved - The subsidiary accounts receivable ledger for the Sales Fund was reconciled to the general ledger. See the current year's Schedule of Findings and Questioned Costs with respect to the fund balance and due to other issues.
5. Trial balances provided by the auditee did not agree with the balances on the general ledger when audit work commenced.
Status: Unresolved. See the current year's Schedule of Findings and Questioned Costs.

MONROE CITY MARSHAL
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended April 30, 2003

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. 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.

Status: Unresolved. See the current year's Schedule of Findings and Questioned Costs.

Management Letter Comments

1. During tests of disbursements, three instances were noted in which the travel costs were not properly documented by receipts, the number of miles traveled, or the rate per mile.

Status: Resolved.

2. During tests of disbursements, four instances were noted in which expenditures were improperly recorded in the equipment account.

Status: Resolved.