

**Monroe City Marshal  
Monroe, Louisiana**

**Basic Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended  
April 30, 2005**

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 11/2/05

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
BASIC FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

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**LITTLE & ASSOCIATES LLC**  
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 accompanying financial statements of the governmental activities and each major fund of the Monroe City Marshal, a component unit of the City of Monroe, as of and for the year ended April 30, 2005, which collectively comprise the Monroe City Marshal's basis financial statements as listed in the table of contents. These financial statements are the responsibility of the Monroe City Marshal. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Monroe City Marshal as of April 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2005, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mr. Wince Highshaw  
Monroe City Marshal  
Monroe, Louisiana  
April 30, 2005

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison information on pages 22 through 23 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Little & Associates, L.L.C.*

Monroe, Louisiana  
September 2, 2005

*Management's Discussion and Analysis*

**WINCE HIGHSHAW, JR.**  
MARSHAL  
MONROE, LOUISIANA  
OUACHITA PARISH

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Monroe City Marshal's financial performance provides an overview for the Marshal's financial activities for the fiscal year ended April 30, 2005. Please read it in conjunction with the Marshal's financial statements, which begin on page 8.

**FINANCIAL HIGHLIGHTS**

The Marshal's net assets decreased by \$43,745 or 25%.

The Marshal's total program revenues were \$185,477 in 2005 compared to \$173,305 in 2004, an increase of \$12,142.

During the year ended April 30, 2005, the Marshal had total expenses, excluding depreciation, of \$1,110,288.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Marshal's Office as a whole. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Marshal's most significant funds. The remaining statements provide financial information about activities for which the Marshal acts solely as a trustee or agent for the benefit of those outside of the Marshal. The Marshal is an independently elected official. However, the Marshal is fiscally dependent on the City of Monroe for office space and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the Marshal is fiscally dependent on the City of Monroe, the Marshal was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the Marshal.

## **Reporting the Funds Maintained by the Marshal as a Whole**

### **The Statement of Net Assets and the Statement of Activities**

Our analysis of the funds maintained by the Marshal as a whole begins on page 5. One of the most important questions asked about the Marshal's finances is "Is the Marshal as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, on pages 8 and 9, respectively, report information about the funds maintained by the Marshal as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken in account regardless of when cash is received or paid.

These two statements report the Marshal's net assets and changes in them. You can think of the Marshal's net assets - the difference between assets and liabilities - as one way to measure the Marshal's financial health, or financial position. Over time, increases or decreases in the Marshal's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by the Marshal as governmental activities.

Governmental activities - all of the expenses paid from the funds maintained by the Marshal are reported here which consists primarily of salaries, related benefits, automobile allowance, certain materials and supplies, communication services, repairs and maintenance and other program services. Fees for services (court costs), bond forfeitures, and on-behalf payments from the City of Monroe finance most of these activities.

### **Reporting the Most Significant Funds Maintained by the Marshal**

Our analysis of the major funds maintained by the Marshal begins on page 6. The fund financial statements begin on page 8 and provide information about the most significant funds maintained by the Marshal - not the Marshal as a whole. However, the Marshal establishes other funds to help it control and manage money for particular purposes to show that it is meeting legal responsibilities for using certain fees. The Marshal governmental funds use the following accounting approaches.

Governmental funds - All of the Marshal's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Marshal's general government operations and the

expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Marshal expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Activities) and governmental funds in a reconciliation in Note 1 to the financial statements.

### The Marshal as Trustee

The Marshal is the trustee, or fiduciary, for sales and seizure and garnishment funds. All of the Marshal's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 11. We exclude these activities from the Marshal's other financial statements because the Marshal cannot use these assets to finance its operations. The Marshal is responsible for ensuring that the assets reported in these funds are used their intended purpose.

### THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE

The Marshal's total net assets changed from a year ago, increasing from a year ago from \$175,964 to \$132,219. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2005 and 2004.

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Current assets	\$ 24,172	\$ 58,080
Capital assets, net	142,024	145,645
Total assets	<u>166,196</u>	<u>203,725</u>
Current liabilities	26,075	27,761
Noncurrent liabilities	7,902	-
	<u>33,977</u>	<u>27,761</u>
Net assets:		
Investment in capital assets, net of debt	134,122	142,387
Unrestricted	(1,903)	33,577
Total net assets	<u>\$ 132,219</u>	<u>\$ 175,964</u>

Net assets of the funds maintained by the Marshal's governmental activities decreased by \$43,745 or 25%. Unrestricted net assets, the part of net assets that can be used to finance the Marshal's expenses without constraints or other legal requirements, decreased by

\$35,480 from \$33,577 to (\$1,903). The primary decrease in total net assets and unrestricted net assets was attributable to the write-off of \$39,100 in bond forfeiture receivables, which were due from the City of Monroe at April 30, 2004. Due to recordkeeping problems in the City of Monroe Prosecutor's office, it not expected that these receivables will be realized by the Marshal.

**Table 2**  
**Change in Net Assets**

	Governmental Activities	
	2005	2004
Revenues:		
Program revenues:		
Marshal's fees and other charges	\$ 185,447	\$ 173,305
General Revenues:		
Bond forfeitures and intergovernmental	881,096	819,025
Total revenues	1,066,543	992,330
Expenses:		
General governmental - judicial	1,110,288	972,678
Increase in net assets	\$ (43,745)	\$ 19,652

For the funds maintained by the Marshal, total revenues increased \$74,213 (7%) from total revenues for the year ended April 30, 2004, of \$992,330 to total revenues for the year ended April 30, 2005, of \$1,066,543. The primary increase in total revenues was attributable to an increase of \$104,396 in the City of Monroe's on-behalf payments and a decrease of \$39,100 in bond forfeitures. For the funds maintained by the Marshal, program revenues increased \$12,142 (7%) from program revenues for the year ended April 30, 2004, of \$173,305 to program revenues for the year ended April 30, 2005, of \$185,447.

**FUNDS MAINTAINED BY THE MARSHAL**

For the funds maintained by the Marshal, the governmental funds (as presented on pages 8 - 9) reported a fund deficit of \$1,903, which is a decrease in the fund deficit of \$3,619 from last year.

## **Budgetary Highlights**

The Marshal did not amend its budget throughout the year. With the exception of the unfavorable variances in capital outlay and other financing sources, there were no other significant unfavorable variances in budgeted revenues and expenditures. The unfavorable variances in capital outlay and other financing sources were caused by the capitalized lease obligation entered into in 2005, which was not included in the budget.

## **CAPITAL ASSETS**

The Marshal's investment in capital assets for its governmental activities as of April 30, 2005, amounts to \$142,024 (net of accumulated depreciation). This investment in capital assets includes land, building, furniture, equipment, and vehicles.

Major capital asset additions during the current fiscal year included the following:

- A laptop and two copiers at a combined cost of \$9,866.

Additional information on the Marshal's capital assets can be found in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Marshal considered many factors when setting a fiscal year 2006 budget. Amounts available for appropriation in the governmental funds are expected to remain approximately the same as the revenues available for the year ended April 30, 2006.

## **CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Marshal and to show the Marshal's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Marshal at Monroe City Hall, Lea Joyner Expressway, Monroe, Louisiana 71201.

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*Basic Financial Statements*

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS  
APRIL 30, 2005**

	General Fund	Adjustments - Note 1	Statement of Net Assets
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,244	\$ -	\$ 8,244
Receivables	-	15,928	15,928
Due from other agency	14,590	(14,590)	-
Due from primary government	1,338	(1,338)	-
Capital assets, net of accumulated depreciation	-	142,024	142,024
	<u>\$ 24,172</u>	<u>\$ 142,024</u>	<u>\$ 166,196</u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	\$ 13,553	\$ 12,522	\$ 26,075
Due to primary government	12,522	(12,522)	-
Noncurrent liabilities - Obligations under capital lease:			
Due within one year	-	1,954	1,954
Due in more than one year	-	5,948	5,948
	<u>26,075</u>	<u>7,902</u>	<u>33,977</u>
<b>FUND BALANCE (DEFICIT)/NET ASSETS</b>			
Fund balance (deficit):			
Unreserved, reported in:			
General Fund	(1,903)	1,903	-
Total Fund Balance	<u>(1,903)</u>	<u>1,903</u>	<u>-</u>
	<u>\$ 24,172</u>		
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt		134,122	134,122
Unrestricted		(1,903)	(1,903)
		<u>\$ 132,219</u>	<u>\$ 132,219</u>

The accompanying notes are an integral part of this statement.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES/  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2005**

	General Fund	Adjustments - Note I	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Judiciary - Current:			
Personal services	\$ 758,325	\$ -	\$ 758,325
Related benefits	217,277	-	217,277
Uniforms	25,055	-	25,055
Insurance	475	-	475
Maintenance and supplies	6,204	-	6,204
Office supplies	5,665	-	5,665
Postage	645	-	645
Professional fees	5,320	-	5,320
Telephone, radio, and communication services	8,692	-	8,692
Leases - operating	3,537	-	3,537
Travel and seminars	6,204	-	6,204
Utilities	11,693	-	11,693
Warrant car expense	6,043	-	6,043
Depreciation	-	13,486	13,486
Other	1,740	39,100	40,840
Capital Outlay	9,866	(9,866)	-
Debt service - Capital leases:			
Principal	4,558	(4,558)	-
Interest	827	-	827
Total Expenditures/Expenses	<u>1,072,126</u>	<u>38,162</u>	<u>1,110,288</u>
<b>PROGRAM REVENUES</b>			
Court costs	175,140	-	175,140
Other charges for services	10,307	-	10,307
Total Program Revenues	<u>185,447</u>	<u>-</u>	<u>185,447</u>
Net Program Expense			<u>(924,841)</u>
<b>GENERAL REVENUES</b>			
Intergovernmental - City of Monroe	866,621	-	866,621
Bond forfeitures	14,475	-	14,475
Total General Revenues	<u>881,096</u>	<u>-</u>	<u>881,096</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(5,583)	5,583	-

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES/  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2005**

	General Fund	Adjustments - Note 1	Statement of Activities
<b>OTHER FINANCING SOURCES:</b>			
Capital lease proceeds	9,202	(9,202)	-
<b>NET CHANGE IN FUND BALANCE</b>	3,619	(3,619)	
<b>CHANGE IN NET ASSETS</b>		(43,745)	(43,745)
<b>FUND BALANCE (DEFICIT)/NET ASSETS:</b>			
Beginning of the Year	(5,522)	-	175,964
End of Year	<u>\$ (1,903)</u>	<u>\$ -</u>	<u>\$ 132,219</u>

The accompanying notes are an integral part of this statement.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS  
APRIL 30, 2005**

	<u>Agency Funds Total</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,116
Receivables	<u>6,220</u>
Total Assets	<u>\$ 21,336</u>
<b>LIABILITIES</b>	
Liabilities:	
Unsettled deposits due to others	<u>\$ 21,336</u>
Total Liabilities	<u>\$ 21,336</u>

The accompanying notes are an integral part of this statement.

*Notes to the Financial Statements*

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

**INTRODUCTION**

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 City Court of Monroe (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, 2008. The Marshal is independently responsible for the General Fund and the Agency Funds.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Monroe City Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

**B. REPORTING ENTITY**

For reporting purposes, the City of Monroe, Louisiana (the "City") serves as 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

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

- 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.

The City Marshal is an independently elected official. However, the City Marshal is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the City Marshal is fiscally dependent on the City, the City 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 City Marshal and do not present information on the City of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

### **C. FUND ACCOUNTING**

The Marshal uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal functions and activities. A fund is defined as a *separate fiscal and accounting entity with a self-balancing set of accounts.*

#### **Governmental Funds**

Governmental funds account for all or most of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Monroe City Marshal. The following are the Marshal's governmental funds:

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

**General Fund**

The General Fund is the primary operating fund of the Marshal, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Marshal's policies.

**Fiduciary Funds**

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Marshal are agency funds. The Marshal maintains two agency funds: the Sales and Seizure Fund and the Garnishment Fund. 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. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Marshal's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. 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 pay liabilities of the current period. The Marshal considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

**Revenues**

Marshal's fees, other court costs, and bond forfeitures 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, the Marshal's fees, other court costs, and bond forfeitures 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.

**Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services; program revenues reduce the cost of the function to be financed from the Marshal's general revenues.

**Reconciliation**

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Statement B	
Capitalization of Capital Assets	\$ 9,866
Recording of Depreciation Expense	(13,486)
Uncollectible Receivables – Bond Forfeitures	(39,100)

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

Capitalized Lease Obligation	(9,202)
Present Value of Payments Made Under Capital Lease	4,558
Net Effect of Changes	\$ (47,364)

Statement A	
Recording of Net Capital Assets	\$ 142,024
Recording of Capitalized Lease Obligation	(7,902)
Net Effect of Changes	\$ 134,122

**E. CASH AND CASH EQUIVALENTS**

Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under 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. Cash and cash equivalents include cash, demand deposits, interest-bearing demand deposits, and amounts in time deposits and those investments with original maturities of 90 days or less.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Useful Lives
Buildings and building improvements	5 – 40 years
Computer Equipment	3 – 5 years
Equipment	5 – 10 years
Furniture and fixtures	5 – 10 years

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

Description	Estimated Useful Lives
Vehicles	5 years

**G. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**H. 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 for fidelity bond coverage. The City of Monroe maintains automobile insurance coverage for the Marshal's vehicles. However, general and property liability insurance coverage is not maintained on a building recorded in the Marshal's capital assets. The Marshal inherited the building from the prior Monroe City Marshal and initially utilized the building as the office for the Marshal's operations. The Marshal is no longer occupying the building. The Marshal is in the process of determining whether or not the Marshal has legal ownership of the building. The Marshal will not insure the property unless it is determined that the Marshal has legal ownership of the building. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts.

**2. CASH AND CASH EQUIVALENTS**

At April 30, 2005, the Monroe City Marshal has cash and cash equivalents (book balances) totaling \$23,359 as follows:

Demand deposits	<u>\$ 23,360</u>
-----------------	------------------

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

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These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At April 30, 2005, the Marshal has \$44,697 in deposits (collected bank balances). These deposits are secured from risk by \$44,697 of federal deposit insurance and \$1,167,168 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Marshal that the fiscal agent has failed to pay deposited funds upon demand.

**3. RECEIVABLES**

The receivables at April 30, 2005, are summarized as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Agency Funds</u>
Charges for services – Due from City Court of Monroe	\$ 14,590	\$ -
Surety Bond Forfeitures – City of Monroe	1,338	
Sales of seized property	-	<u>6,220</u>
 Totals	 <u>\$ 15,928</u>	 <u>\$ 6,220</u>

The Marshal utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

**4. CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended April 30, 2005, s as follows:

<u>Governmental Activities</u>	<u>April 30, 2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2005</u>
Land	\$ 24,000	\$ -	\$ -	\$ 24,000
Buildings	135,732			135,732
Vehicles	61,925			61,925

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Furniture and equipment	94,340	9,864	104,204
	<u>315,997</u>	<u>9,864</u>	<u>325,861</u>
Total		-	
Less accumulated depreciation:			
Buildings	46,219		46,219
Vehicles	51,172	8,065	59,237
Furniture and equipment	72,960	5,421	78,381
	<u>170,351</u>	<u>13,486</u>	<u>183,837</u>
Total		-	
Capital Assets, Net	<u>\$145,646</u>	<u>\$ (3,622)</u>	<u>\$ -</u>
			<u>\$142,024</u>

The Marshal no longer occupies the building included in its capital assets. The building and its related land are idle property. The total carrying amount of the building, its improvements, and the land was \$113,513 at April 30, 2005.

**5. LEASES**

**Operating Leases**

The Marshal leases various office equipment under operating leases. Rental expense in connection with these leases was \$3,537 for the year ended April 30, 2005. The future minimum lease payments under noncancelable operating leases are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2006	\$ 1,632
2007	1,632
2008	<u>1,632</u>
Future minimum lease payments	<u>\$ 4,896</u>

**Capital Leases**

The Marshal records items under capital leases as an asset and an obligation in the accompanying statement of net assets. During the year ended April 30, 2005, the Marshal entered into a capital lease agreement for the lease of two copiers.

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The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of April 30, 2005:

<u>Year Ending April 30,</u>	<u>Amount</u>
2006	\$ 2,762
2007	2,748
2008	2,748
2009	<u>916</u>
Net minimum lease payments	9,174
Less amount representing interest	<u>(1,272)</u>
Present value of net minimum lease payments	<u><u>\$ 7,902</u></u>

Assets under capital leases are reported in the balance sheet in capital assets, net of accumulated depreciation. The gross amount and the accumulated depreciation of these assets totaled \$15,200 and \$3,879, respectively, at April 30, 2005.

**6. LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions for the year ended April 30, 2005:

	<u>Capitalized Leases</u>
Long-term obligations at May 1, 2004	\$ 3,258
Additions	9,202
Deductions	<u>(4,558)</u>
Long-term obligations at April 30, 2005	<u><u>\$ 7,902</u></u>

**MONROE CITY MARSHAL  
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NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2005**

**7. CHANGES IN AGENCY FUND  
DEPOSITS DUE OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2005, is as follows:

Balance at April 30, 2004	\$ 25,633
Additions	708,992
Reductions	<u>(713,289)</u>
Balance at April 30, 2005	<u>\$ 21,336</u>

**8. ON-BEHALF PAYMENTS**

The City of Monroe made on-behalf payments of \$866,621 for the Marshal for the year ended April 30, 2005, as follows:

Salaries	\$ 622,585
Fringe benefits	204,047
Operating expenses	<u>42,989</u>
Total	<u>\$ 866,621</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the Monroe City Marshal.

*Required Supplemental Information*

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED APRIL 30, 2005**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Court costs	\$ 174,000	\$ 174,000	\$ 175,140	\$ 1,140
Other charges for services	21,750	21,750	10,307	(11,443)
General revenues:				
Bond forfeitures	-	-	14,475	14,475
Total revenues	<u>\$ 195,750</u>	<u>\$ 195,750</u>	<u>\$ 199,922</u>	<u>\$ 4,172</u>
<b>EXPENDITURES</b>				
Judiciary - Current:				
Personal services	136,800	136,800	135,740	(1,060)
Related benefits	16,860	16,860	16,230	(630)
Uniforms	2,724	2,724	1,539	(1,185)
Insurance	600	600	475	(125)
Maintenance and supplies	9,000	9,000	5,890	(3,110)
Office supplies	4,980	4,980	5,656	676
Postage	1,440	1,440	645	(795)
Professional fees	6,750	6,750	2,570	(4,180)
Telephone, radio, and communication services	2,700	2,700	2,700	-
Leases	8,400	8,400	8,922	522
Travel and seminars	13,500	13,500	6,204	(7,296)
Utilities	-	-	1,385	1,385
Warrant car expense	6,000	6,000	6,043	43
Capital outlay	7,200	7,200	9,866	2,666
Other	3,480	3,480	1,640	(1,840)
Total expenditures	<u>220,434</u>	<u>220,434</u>	<u>205,505</u>	<u>(14,929)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(24,684)	(24,684)	(5,583)	19,101
<b>OTHER FINANCING SOURCES:</b>				
Capitalized lease obligation	-	-	9,202	9,202
<b>NET CHANGE IN FUND BALANCE</b>	(24,684)	(24,684)	3,619	28,303
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>(5,522)</u>	<u>(5,522)</u>	<u>(5,522)</u>	<u>-</u>
<b>FUND BALANCE (DEFICIT) AT END OF YEAR</b>	<u>\$ (30,206)</u>	<u>\$ (30,206)</u>	<u>\$ (1,903)</u>	<u>\$ 28,303</u>

See accompanying notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual

**MONROE CITY MARSHALL  
CITY OF MONROE, LOUISIANA**

**Notes to the Schedule of Revenues, Expenditures and  
Changes in Fund Balance – Budget (GAAP)  
Basis and Actual  
For the Year Ended April 30, 2005**

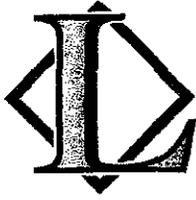
**NOTE 1 – BUDGETARY POLICIES**

A proposed budget for the general fund of the Marshal is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Marshal and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The Marshal authorizes all amendments to the budget. Amendments were made to the original budget and all amendments are reflected in budget comparison. The Marshal's budget does not include the City of Monroe's budgeted amounts for the Marshal's office.

Formal budgetary integration is employed as a management control device during the year.

**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 LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditors' Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
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 basic financial statements of the Monroe City Marshal as of and for the year ended April 30, 2005, and have issued our report thereon dated September 2, 2005. 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.

**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 financial statements and not to provide an opinion 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 over financial reporting that, in our judgment, could adversely affect the Monroe City Marshal's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings and responses as item 2005-01.

A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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 necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Monroe City Marshal's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2005-01.

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, LLC*

Monroe, Louisiana  
September 2, 2005

MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA

Schedule of Findings and Responses  
As of and For the Year Ended April 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of the Monroe City Marshal.
2. One instance of noncompliance material to the financial statements of the Monroe City Marshal was disclosed during the audit.
3. One reportable condition relating to the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

**2005-01 Budgeting Expenditures in Excess of Available Funds**

**Condition and Criteria:** The Monroe City Marshal adopted a budget for the general fund for the year ended April 30, 2005, in which the total of the budgeted expenditures exceeded the total of the estimated funds available for budget purposes (comprised of the budgeted revenues and beginning fund balance). Louisiana Revised Statutes (LRS) 39:1305(E) stipulates that the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

**Cause:** Unknown

**Effect:** The Marshal may not have sufficient revenues to pay for expenditures that are incurred based on the budgeted expenditures.

**Recommendation:** The Marshal should review the requirements of the Louisiana Revised Statutes that pertain to budgeting. In addition, the Marshal should review its general fund budget for the year ending April 30, 2006, for compliance with such statutes. If the budget is not in compliance with the requirements of the statutes, the budget should be officially amended to comply with the statutes and expenditures should be monitored in accordance with the budget.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses  
As of and For the Year Ended April 30, 2005**

**Marshal's View on Finding:** The Marshal agrees with the finding.

**Corrective Action:** The Marshal will obtain the Louisiana Revised Statutes that pertain to budgeting and will review the requirements of the statutes. The Marshal will also review its *general fund budget for the year ending April 30, 2006, for compliance with such statutes.* In addition, if it is determined that the budget is not in compliance with the requirements of the statutes, the Marshal will officially amend the budget to comply with the statutes and will monitor expenditures in accordance with the budget.

**MONROE CITY MARSHAL  
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Audit Findings  
As of and For the Year Ended April 30, 2005**

In connection with our audit of the Monroe City Marshal as of and for the year ended April 30, 2005, in accordance with the *Louisiana Governmental Audit Guide* we have also reviewed the status of the prior year findings.

**ML-04-01 Need to Comply with Louisiana Local Government Budget Act**

**Condition:** The Marshal did not adopt a budget amendment when the Marshal's actual expenditures exceeded the budgeted expenditures by five percent or more.

**Status:** Resolved.

**ML-04-02 Fund Deficit in the General Fund**

**Condition:** The Marshal had a deficit in its unreserved fund balance at April 30, 2004.

**Status:** Resolved. The Marshal reduced the deficit in the unreserved fund balance to \$1,903 and is continuing to take appropriate actions to eliminate the deficit.