

**Monroe City Marshal
Monroe, Louisiana**

**Basic Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2013**

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 NOV 27 2013

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

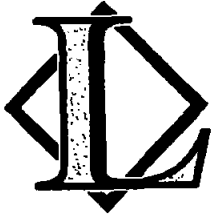
TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1
Required Supplemental Information (Part I): Management's Discussion and Analysis		3
Basic Financial Statements:		
Governmental Funds Balance Sheet/ Statement of Net Position	A	8
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	B	9
Statement of Fiduciary Assets and Liabilities	C	11
Notes to the Financial Statements		12
	<u>Schedule</u>	<u>Page</u>
Required Supplemental Information (Part II):		
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	1	23
Notes to the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund		24
Independent Auditors' Report Required by Government Auditing Standards:		
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 <i>Government Auditing Standards</i>		25

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

TABLE OF CONTENTS (CONTINUED)

	<u>Schedule</u>	<u>Page</u>
Schedule of Findings and Responses	2	27
Summary Schedule of Prior Audit Findings	3	31
Summary Schedule of Prior Management Letter Comments	4	32



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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe City Marshal, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Monroe City Marshal's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe City Marshal as of April 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, on our consideration of 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* in considering Monroe City Marshal's internal control over financial reporting and compliance.

Little & Associates, LLC
Monroe, Louisiana
October 24, 2013

Management's Discussion and Analysis

**MONROE CITY MARSHAL
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

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, 2013. Please read it in conjunction with the Marshal's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The Marshal's net position decreased by \$68,599 from 2012 to 2013.

The Marshal's total program revenues were \$269,762 in 2013 compared to \$275,707 in 2012, a decrease of \$5,945.

During the year ended April 30, 2013, the Marshal had total expenses, excluding depreciation, of \$1,356,462.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 Position and the Statement of Activities on pages 8 and 9 - 10, 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 into account regardless of when cash is received or paid.

These two statements report the Marshal's net position and changes in them. You can think of the Marshal's net position - the difference between assets and liabilities - as one way to measure

The Statement of Net Position and the Statement of Activities (Continued)

the Marshal's financial health or financial position. Over time, increases or decreases in the Marshal's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Marshal's governmental activities, which is described as follows:

Governmental activities - all of the expenses paid from the funds maintained by the Marshal are reported here which consists primarily of salaries and related benefits, capital outlay, certain materials and supplies, communication services, repairs and maintenance, and other program services. Fees for services (court costs and service returns), 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 may establish 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 - The Marshal's operating expenditures 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 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 Assets and Liabilities 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 for their intended purpose.

THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE

The Marshal's total net position changed from a year ago, decreasing from a year ago from \$75,976 to \$7,377. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2013 and 2012.

Table 1
Net Position

	Governmental Activities	
	2013	2012
Current assets	\$ 66,492	\$ 69,647
Capital assets, net	59,361	87,317
Total assets	125,853	156,964
Current liabilities	105,232	44,170
Noncurrent liabilities	13,244	36,818
Total Liabilities	118,476	80,988
Net Position:		
Net investment in capital assets	46,117	50,499
Unrestricted	(38,740)	25,477
Total net position	\$ 7,377	\$ 75,976

Net position of the funds maintained by the Marshal's governmental activities decreased by \$68,599. Unrestricted net position, the part of net position that can be used to finance the Marshal's expenses without constraints or other legal requirements, decreased by \$64,217 from \$25,477 to \$(38,740).

Table 2
Change in Net Position

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Marshal's fees and other charges	\$ 269,762	\$ 275,707
General revenues:		
Bond forfeitures and investment earnings	8,669	16,207
Gain on Disposal of Assets	5,166	-
Intergovernmental	1,032,086	988,089
Total revenues	1,315,683	1,280,003
Expenses:		
General governmental - judicial	1,384,282	1,345,116
Total Expenses	1,384,282	1,345,116
Net Position:		
Change in net position	(68,599)	(65,113)
Beginning of the Year	75,976	141,089
End of the Year	\$ 7,377	\$ 75,976

THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE (CONTINUED)

For the funds maintained by the Marshal, total revenues increased by \$35,680 (from total revenues for the year ended April 30, 2012, of \$1,280,003 to total revenues for the year ended April 30, 2013, of \$1,315,683). For the funds maintained by the Marshal, program revenues decreased by \$5,945 (2%) (from program revenues for the year ended April 30, 2012, of \$275,707 to program revenues for the year ended April 30, 2013, of \$269,762). The largest decrease in program revenues occurred in the amount of service returns received from Monroe City Court of \$5,064. The general revenues increased by \$41,625 (4%) (from general revenues for the year ended April 30, 2012, of \$1,004,296 to general revenues for the year ended April 30, 2013, of \$1,045,921). The largest increase in general revenues resulted from an increase in the Intergovernmental – City of Monroe revenues from 2012 to 2013 in the amount of \$43,997.

The Marshal's expenses increased by \$39,166 from 2012 to 2013. The increase in expenses was attributable primarily to an increase in payroll, payroll-related benefits of \$40,787.

FUNDS MAINTAINED BY THE MARSHAL

For the funds maintained by the Marshal, the governmental funds (as presented on pages 8 - 10) reported a fund balance of \$(38,740), which is a decrease in the fund balance of \$64,217 from last year's fund balance of \$25,477. The Marshal's unassigned fund balance decreased \$64,217 from 2012 to 2013. The significant changes in program revenues and expenditures are discussed in the paragraphs above.

BUDGETARY HIGHLIGHTS

The Marshal's budget does not include the City of Monroe's on-behalf payments because such amounts are included in the City of Monroe's budgets. The Marshal was unable to amend the original budget due to a fund deficit. Actual total revenues exceeded final budgeted total revenues by \$11,829 (4.28%). Actual total expenditures were greater than the final budgeted total expenditures by \$31,996 (9.99%). The increase in actual total expenditures from the final budget is due primarily to an increase in debt service, which was the result of paying off the leased vehicles.

CAPITAL ASSETS /CAPITAL LEASES

The Marshal's investment in capital assets for its governmental activities as of April 30, 2013, amounts to \$59,361 (net of accumulated depreciation). This investment in capital assets includes furniture, equipment, and vehicles. Major capital asset additions during the current fiscal year included the following acquisitions: (i) two copiers acquired with a capital lease in the amount of \$9,780; (ii) three computers acquired through a capital lease in the amount of \$2,544. The old leased copiers were picked up by Delage and disposed of on the Marshal's fixed asset listing during the year ended April 30, 2013. Additional information on the Marshal's capital assets can be found in Note 4 to the financial statements.

CAPITAL ASSETS /CAPITAL LEASES (CONTINUED)

The Marshal records items under capital leases as an asset and an obligation in the accompanying statement of net position. During the year ended April 30, 2013, the Marshal continued to lease a mailing machine, four police sedans under existing capital lease agreements. One of the police sedans has been removed from the lease and fixed asset list due to a traffic accident. The vehicle was totaled and the insurance paid for the value of the vehicle. In October 2012 the lease for the remaining vehicles was paid in full. The lease for the old copiers expired in September 2012, and a new lease was entered into for two new copiers. The lease for the new copiers will expire in October 2017. The lease for the mailing machine will expire in June 2015, and the new lease for the three computers will expire in September 2015.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Marshal considered many factors when setting a fiscal year 2014 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, 2013. Due to the negative fund balance, the Marshal is considering a significant decrease in expenditures.

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, 400 Lea Joyner Expressway, Monroe, Louisiana 71201.

Basic Financial Statements

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
APRIL 30, 2013**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Position</u>
ASSETS			
Cash	\$ 25,583	\$ -	\$ 25,583
Investment - certificate of deposit	19,600	-	19,600
Receivables	935	19,299	20,234
Due from other agency	19,299	(19,299)	-
Prepaid expenses	1,075	-	1,075
Capital assets, net of accumulated depreciation	-	59,361	59,361
	<u>\$ 66,492</u>	<u>\$ 59,361</u>	<u>\$ 125,853</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 121	\$ 94,649	\$ 94,770
Due to primary government	94,649	(94,649)	-
Accrued expenses	10,462	-	10,462
Noncurrent liabilities - obligations under capital lease:			
Due within one year	-	3,829	3,829
Due in more than one year	-	9,415	9,415
	<u>\$ 105,232</u>	<u>\$ 13,244</u>	<u>\$ 118,476</u>
FUND BALANCE/NET POSITION			
Fund balances:			
Nonspendable:			
Prepaid Expenses	\$ 1,075	\$ (1,075)	\$ -
Unassigned	(39,815)	39,815	-
Total Fund Balance	<u>(38,740)</u>	<u>38,740</u>	<u>\$ -</u>
	<u>\$ 66,492</u>		
NET POSITION			
Net investment in capital assets		46,117	46,117
Unrestricted		<u>(38,740)</u>	<u>(38,740)</u>
		<u>\$ 7,377</u>	<u>\$ 7,377</u>

The accompanying notes are an integral part of this financial 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, 2013**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Judiciary - Current:			
Personal services	\$ 906,359	\$ -	\$ 906,359
Personal services - related benefits	242,659	-	242,659
Uniforms	27,748	-	27,748
Insurance	11,459	-	11,459
Maintenance and supplies	7,919	-	7,919
Office	4,205	-	4,205
Postage	1,200	-	1,200
Professional fees	15,000	-	15,000
Telephone, radio, and communication services	10,704	-	10,704
Travel and seminars	15,093	-	15,093
Utilities	20,380	-	20,380
Warrant car expense	9,981	-	9,981
Marshal service returns and housing evictions	74,492	-	74,492
Depreciation	-	27,820	27,820
Other	6,806	-	6,806
Debt Service			
Principal	35,738	(35,738)	-
Interest	2,457	-	2,457
Total Expenditures/Expenses	<u>1,392,200</u>	<u>(7,918)</u>	<u>1,384,282</u>
PROGRAM REVENUES			
Marshal's fees	251,462	-	251,462
Other charges for services	18,300	-	18,300
Total Program Revenues	<u>269,762</u>	<u>-</u>	<u>269,762</u>
Net Program Expense			<u>(1,114,520)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,032,086	-	1,032,086
Investment earnings	42	-	42
Bond forfeitures	8,627	-	8,627
Insurance Proceeds	17,466	(17,466)	-
Gain on Disposal of Assets	-	5,166	5,166
Total General Revenues	<u>1,058,221</u>	<u>(12,300)</u>	<u>1,045,921</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,217)	(4,382)	(68,599)

The accompanying notes are an integral part of this financial 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, 2013**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Activities</u>
NET CHANGE IN FUND BALANCES	(64,217)	64,217	-
CHANGE IN NET POSITION		(68,599)	(68,599)
FUND BALANCE /NET POSITION:			
Beginning of the Year	<u>25,477</u>	<u>-</u>	<u>75,976</u>
End of Year	<u>\$ (38,740)</u>	<u>\$ -</u>	<u>\$ 7,377</u>

The accompanying notes are an integral part of this financial statement.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
APRIL 30, 2013**

	<u>Agency Funds</u> <u>Total</u>
ASSETS	
Cash	\$ 17,700
Receivables	179
	<hr/>
Total Assets	<u>\$ 17,879</u>
LIABILITIES	
Liabilities:	
Payables	\$ 617
Unsettled deposits due to others	17,262
	<hr/>
Total Liabilities	<u>\$ 17,879</u>

The accompanying notes are an integral part of this financial 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, 2013

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, 2014. 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

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the 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:

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

B. REPORTING ENTITY (CONTINUED)

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.

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 City Marshal does not have any component units of its own.

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 and to report on its financial position and the results of operations. 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 that comprises its assets, liabilities, fund equity, revenues, and expenditures.

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

C. FUND ACCOUNTING (CONTINUED)

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. Funds of the Marshal are classified into two categories: governmental funds and fiduciary (agency) funds. The Marshal has one governmental fund, the general fund, and two fiduciary (agency) funds, which are described below:

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 position and changes in net position. The only funds accounted for in this category by the Marshal are agency funds. The Marshal maintains two agency funds: the Garnishment Fund and the Sales and Seizure Fund. 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.

Marshal's Garnishment Fund – The Marshal's Garnishment Fund accounts for the collection of garnishments and the remittance of these funds to garnishment payees and to the City Marshal for costs incurred in collecting and distributing the funds.

Marshal's Sales and Seizures Fund – The Marshal's Sales and Seizures Fund accounts for the collection of proceeds from the sale and seizure of property and the remittance of these funds to creditors, to the Marshal for costs incurred, and to others for costs incurred in the sale and seizure of property.

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

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 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:

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.

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Marshal.

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (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 and from other fees charged by the Marshal; program revenues reduce the cost of the function to be financed from the Marshal's general revenues.

General Revenues - General revenues included in the column labeled Statement of Activities (Statement B) are derived from on-behalf payments from the City of Monroe, interest income, and from sources not considered program revenues. General revenues finance the remaining balance of functions not covered by Program revenues.

Reconciliation

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

Statement B	
Capitalization of Capital Assets	\$ 0
Recording of Depreciation Expense	(27,820)
Principal Paid on Debt Service, Including Capital Leases	35,738
Gain from Insurance Proceeds	(17,466)
Gain on Disposal of Assets	5,166
Net Effect of Changes	\$ (4,382)
Statement A	
Recording of Capital Assets, Net of Accumulated Depreciation	\$ 59,361
Recording of Capitalized Lease Obligation	(13,244)
Net Effect of Changes	\$ 46,117

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

E. 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 Position, and the related depreciation expense is recorded in the Statement of Activities. Because 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:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and building improvements	5 – 40 years
Computer Equipment	3 – 10 years
Equipment	5 – 15 years
Furniture and fixtures	5 – 10 years
Vehicles	5 years

F. GOVERNMENTAL FUND BALANCES

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Marshal – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Marshal removes the specified use by taking the

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

F. GOVERNMENTAL FUND BALANCES (CONTINUED)

Committed Fund Balance (Continued)

same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Marshal’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

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. To handle such risk of loss, the Marshal maintains commercial insurance policies for automobile coverage and fidelity bond coverage.

I. USE OF RESTRICTED RESOURCES

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Marshal’s policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Marshal’s policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

2. DEPOSITS AND CUSTODIAL CREDIT RISK

Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, 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. Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. The Marshal also maintains certificate of deposit which is reported in investments in the Balance Sheet/Statement of Net Position. At April 30, 2013, the Marshal's carrying amount (book balance) of deposits totaled \$62,883, which included the following:

Cash (including Agency Accounts)	\$ 43,283
Certificate of Deposit	<u>19,600</u>
Total	<u>\$ 62,883</u>

These deposits are stated at cost, which approximates market.

The Marshal's deposits (bank balances) totaled \$167,763 at April 30, 2013. Under state law, these deposits, or the resulting bank balances, must be collateralized by Federal deposit insurance or the pledge of securities. 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. Also, Louisiana Revised Statute 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 bank has failed to pay deposited funds upon demand. At April 30, 2013, these deposits were collateralized in full.

Custodial credit risk is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. The Marshal does not have a policy for custodial credit risk. As of April 30, 2013, none of the Marshal's deposits were exposed to custodial credit risk.

3. RECEIVABLES

The receivables as reported in the Statement of Net Position and the Statement of Fiduciary Net Assets and Liabilities at April 30, 2013, are summarized as follows:

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

RECEIVABLES (CONTINUED)

Class of Receivable	Statement of Net Position	Statement of Fiduciary Assets and Liabilities
Charges for services:		
City Court of Monroe	\$ 19,299	\$ -
Other	935	-
Sales of seized property	-	179
Totals	<u>\$ 20,234</u>	<u>\$ 179</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, 2013, is as follows:

Government Activities	April 30, 2012	Additions	Retirements	April 30, 2013
Vehicles	\$ 198,201	\$ -	\$ 20,206	\$ 177,995
Furniture and Equipment	\$ 144,625	\$ 12,324	\$ 42,407	\$ 114,542
Total	<u>\$ 342,826</u>	<u>\$ 12,324</u>	<u>\$ 62,613</u>	<u>\$ 292,537</u>
Less Accumulated depreciation:				
Vehicles	\$ 131,603	\$ 17,600	\$ 7,746	\$ 141,457
Furniture and Equipment	\$ 123,906	\$ 10,220	\$ 42,407	\$ 91,719
Total	<u>\$ 255,509</u>	<u>\$ 27,820</u>	<u>\$ 50,153</u>	<u>\$ 233,176</u>
Capital Assets, Net	<u>\$ 87,317</u>	<u>\$ (15,496)</u>	<u>\$ (12,460)</u>	<u>\$ 59,361</u>

5. ACCOUNTS PAYABLE

Accounts payable of \$94,770 as reported in the Statement of Net Position at April 30, 2013, consists of operating trade payables of \$121 and an amount due to the City of Monroe totaling \$94,649.

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

6. LEASES

Capital Leases

The Marshal records items under capital leases as an asset and an obligation in the accompanying Statement of Net Position. During the year ended April 30, 2013, the Marshal had capital lease agreements for the lease of two copiers, the lease of a mailing machine, the lease of three computers, and the lease of four vehicles. The copiers and computers' lease agreements were entered into during the year end April 30, 2013. The Marshal paid the lease of the four vehicles in full during the year end April 30, 2013. One of the four vehicles was damaged during the year end April 30, 2013 due to a traffic accident. The Marshal received insurance proceeds in the amount of \$17,466 for the vehicle and had a gain on disposal in the amount of \$5,166.

The following is a schedule of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of April 30, 2013:

<u>Year Ending April 30,</u>	<u>Amount</u>
2014	\$ 4,522
2015	4,522
2016	3,101
2017	2,316
2018	965
Net minimum lease payments	15,426
Less amount representing interest	(2,182)
Present value of net minimum lease payments	<u>\$ 13,244</u>

Assets under capital leases are reported in the balance sheet in capital assets, net of accumulated depreciation. The cost basis and the accumulated depreciation of these assets totaled \$16,342 and \$3,314, respectively, at April 30, 2013.

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended April 30, 2013:

	<u>Capitalized Leases</u>
Long-term obligations at April 30, 2012	\$ 36,818
Additions	12,324
Deductions	(35,898)
Long-term obligations at April 30, 2013	<u>\$ 13,244</u>

MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013

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

A summary of changes in agency fund deposits due others for the year ended April 30, 2013, is as follows:

Balance at April 30, 2012	\$ 6,463
Additions	838,340
Reductions	<u>(826,924)</u>
Balance at April 30, 2013	<u>\$ 17,879</u>

9. ON-BEHALF PAYMENTS

The City of Monroe made on-behalf payments of \$1,032,086 for the Marshal for the year ended April 30, 2013, as follows:

Salaries	\$ 748,857
Fringe Benefits	241,891
Operating expenses	<u>41,338</u>
Total	<u>\$ 1,032,086</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.

10. LITIGATION

The Monroe City Marshal was involved in a lawsuit that resulted from an automobile accident involving an employee of the Marshal's office. The Marshal aggressively pursued his defense of this matter at trial in November, 2010, but was unsuccessful. The plaintiff was awarded the following amounts: \$4,975 for damages, \$987 for court costs, and \$4,500 in legal interest, for a total due of \$10,462. This amount is reported in accrued expenses in the Governmental Funds Balance Sheet/Statement of Net Position.

11. SUBSEQUENT EVENTS

The Monroe City Marshal has evaluated events through October 24, 2013, the date which the financial statements were available for issue.

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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Marshal's fees	\$ 236,000	\$ 236,000	\$ 251,462	\$ 15,462
Other charges for services	23,000	23,000	18,300	(4,700)
Proceeds from insurance	-	-	17,466	17,466
Investment earnings	-	-	42	42
Bond forfeitures	17,000	17,000	8,627	(8,373)
Total revenues	<u>276,000</u>	<u>276,000</u>	<u>295,897</u>	<u>19,897</u>
EXPENDITURES				
Judiciary - Current:				
Personal services	141,000	141,000	157,504	16,504
Personal services - related benefits	23,900	23,900	28,418	4,518
Uniforms	600	600	97	(503)
Insurance	9,000	9,000	11,459	2,459
Maintenance and supplies	9,500	9,500	7,919	(1,581)
Office	2,000	2,000	4,205	2,205
Postage	1,000	1,000	1,200	200
Telephone, radio, and communication services	4,500	4,500	4,961	461
Marshal service returns and housing evictions	78,000	78,000	74,492	(3,508)
Other	7,700	7,700	6,590	(1,110)
Travel and seminars	11,500	11,500	15,093	3,593
Warrant car expense	15,000	15,000	9,981	(5,019)
Capital outlay	11,850	11,850	-	(11,850)
Debt service	4,500	4,500	38,195	33,695
Total expenditures	<u>320,050</u>	<u>320,050</u>	<u>360,114</u>	<u>40,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(44,050)	(44,050)	(64,217)	(20,167)
FUND BALANCE AT BEGINNING OF YEAR				
	<u>25,477</u>	<u>25,477</u>	<u>25,477</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u>\$ (18,573)</u>	<u>\$ (18,573)</u>	<u>\$ (38,740)</u>	<u>\$ (20,167)</u>

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

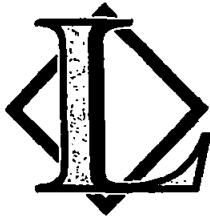
**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA**

**Notes to the Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget (GAAP)
Basis and Actual
For the Year Ended April 30, 2013**

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 re-appropriated for the following year to be expended. The Marshal authorizes all amendments to the budget. Amendments were not made to the original budget for the year end April 30, 2013 due to a fund balance deficit. 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.



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***

Independent Auditor's Report

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe City Marshal as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Monroe City Marshal's basic financial statements and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monroe City Marshal's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe City Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe City Marshal's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses, items 2013-02, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses, item 2013-01, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe City Marshal's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2013-03.

Monroe City Marshal's Response to Findings

The Monroe City Marshal's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Monroe City Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Monroe City Marshal's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little & Associates, LLC

Monroe, Louisiana
October 24, 2013

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

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-01 – Inadequate Internal Controls Policies and Procedures over Bank Reconciliations

Criteria: Adequate internal control policies and procedures contain a sufficient reconciliation process of the garnishment checking account which would prevent duplicate and/or outstanding deposits. These policies and procedures would also address old outstanding checks appearing on the bank reconciliation.

Condition: On the bank reconciliations for the garnishment checking account several invalid outstanding deposits were noted during the audit process for the year ended April 30, 2013. There were also several old outstanding checks dating back to prior years noted on the bank reconciliations for the year ended April 30, 2013. The Marshal's office does not have a written policy or procedure to address appropriate bank reconciliation procedures and proper follow up procedures regarding old/invalid outstanding deposits and old outstanding checks.

Effect: The general ledger balance of the garnishment checking account could provide an incorrect balance. The actual reconciled bank balance does not agree to the Marshal's bank reconciliation. Old outstanding checks are not voided and subsequently remitted to the State Treasury.

Cause: The Marshal's internal control policies and procedures do not address researching and correcting outstanding deposits and treatment of old outstanding checks.

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

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

Context: Appears to be applicable to all of the garnishment checking reconciliations for the year ended April 30, 2013.

Auditors' Recommendation: We recommend to the Marshal that they adopt and place into effect immediately a written procedure for reconciling the garnishment checking account. The policy should include steps to address outstanding deposits, such as, researching and correcting the necessary transactions to represent the actual. It should also include instructions as to treatment of old outstanding checks, such as voiding and reissuing checks and establishing a timeline as to when checks should be reissued to the Louisiana State Treasury for unclaimed property.

Views of Responsible Officials and Planned Corrective Action: The Monroe Marshal's Office agrees with the statements regarding the lack of internal controls and policies. We have developed and begun implementing the following procedures for reconciling the garnishment checking account.

1. We have researched and compiled the list of outstanding checks that have not cleared from 2003 through 2007. The list and money will be submitted to the state's unclaimed property account.
2. All outstanding deposits will be researched and duplicates or errors will be identified and reversed.
3. All deposits that are determined to be actual transactions will be researched and traced to the appropriate banks statements
4. If a deposit has not cleared after the passage of one month, the Monroe City Marshal Office will contact the bank to correct the error.
5. Outstanding checks and deposits on the bank reconciliations are to be done monthly.

NOTE: We are still plagued by software issues - PTS and Quickbooks which prevents us from doing some tasks in a timely manner.

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

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

Finding 2013-02 – Unable to Locate Old Fixed Assets

Criteria: Management should keep records of the location of all fixed assets and verify their accuracy annually.

Condition: During the process of updating their fixed asset list, the Marshal's Office was unable to locate several old assets. They also could not locate any documentation concerning the location or disposal of those assets.

Effect: Assets could be misplaced, lost, or removed without appropriate authorization and documentation.

Cause: The Marshal's Office did not keep adequate records or verify the location of fixed assets annually.

Context: Appears to be applicable to 13 assets that were purchased in 2003 or before.

Auditors' Recommendation: We recommend to the Marshal's Office that they provide the Louisiana Legislative Auditor and the District Attorney with a list of fixed assets they are unable to locate, along with a letter explaining their actions that led to the discovery. Also, we recommend they request advice from each of the above mentioned authorities regarding the actions necessary to resolve this issue.

Views of Responsible Officials and Planned Corrective Action: The Monroe Marshal's Office agrees with the above statement. The Marshal's Office has compiled and will provide the Louisiana Legislative Auditor and the District Attorney with the list of assets that cannot be located. The copy of the letter to be sent is requesting advice from these authorities regarding the actions to be taken to resolve this issue of missing assets. See attached.

Finding 2013-03 – Noncompliance of Budgetary Authority and Control

Criteria: In accordance with Louisiana Revised Statute 39:1311 the Marshal's Office is required to adopt amendments to their budget during the year if the total actual expenditures are exceeding the total budgeted expenditures by five percent or more or if the actual beginning fund balance fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition: The Marshal's Office did not amend their budget and their actual expenditures exceeded their budgeted expenditures by eight and a half percent. Their actual beginning

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

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

fund balance also failed to meet their estimated beginning fund balance by fifty-eight percent. They failed to adopt an amended budget reflecting the change in expenditures and beginning fund balance.

Effect: The Marshal's Office is in violation of Louisiana Revised Statute 39:1311.

Cause: The Marshal's Office was unable to adopt an amended budget due to Louisiana Revised Statute 39:1310, which states that in no event shall a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

Auditors' Recommendation: We recommend budgeting expenditures in an amount that would correct the fund balance deficit based on the projected income for the next fiscal year and maintaining a monthly review of income and expenses throughout the year to determine the fund balance and if there are any necessary changes to make in order to keep expenditures at the right amount.

Views of Responsible Officials and Planned Corrective Action: The Monroe Marshal's Office agrees with the above statement. The budget was not amended due to Revised Statute 39:1310, which states that in no event shall a budget amendment be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

In addition, we are in the process of making necessary adjustments to current year expenses to keep them at the right amount.

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

**Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2013**

There were no findings or questioned costs for the year ended April 30, 2012.

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

**Summary Schedule of Prior Management Letter Comments
As of and For the Year Ended April 30, 2013**

ML-2012-01**Update Fixed Asset Listing**

The Monroe City Marshal's Fixed Asset Listing is not complete. We noted additions and disposals of fixed assets in other source documents that were not on the Fixed Asset Listing. We suggest the Monroe City Marshal's office update the Fixed Asset Listing for additions and disposals monthly. A current Fixed Asset Listing is a helpful tool in maintaining proper records of fixed assets and their locations. It also aid in budgeting for future capital expenses.

Auditee Response and Plan: The Monroe City Marshal's office agrees with the above comments. We have already started working on updating the list and deleting items that should not have been on the list. We plan to have the Fixed Asset Listing updated completely and accurately before the end of the current fiscal year.

Status: Cleared

Narrative Action: Corrective action was taken

Report Period: April 30, 2012

ML-2012-02**Reconcile Outstanding Checks and Deposits**

We noted excessive outstanding checks and several outstanding deposits from prior years. We suggest the Monroe City Marshal's office research, based on a dollar amount threshold, the outstanding checks from prior years to determine if the check cleared. Then compile a list of checks from prior years that have not cleared and send the list with a check to the City of Monroe to hold for the payees. We advise the Monroe City Marshal's office to research all of the outstanding deposits and reverse the journal entries for any deposit that is a duplicate or an error. Research the deposits that are determined to be actual transactions and trace to the appropriate bank statements. If the deposit still has not cleared and is older than a week, the Monroe City Marshal's office should contact the bank to correct the error. A monthly review of the outstanding checks and deposits on the bank reconciliations will provide the Monroe City Marshal's office with a more accurate record of the cash balance.

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

**Summary Schedule of Prior Management Letter Comments
As of and For the Year Ended April 30, 2013**

Auditee Response and Plan: The Monroe City Marshal's office agrees with the above comments. We will check on all outstanding checks and deposits. We plan to begin the process of voiding the checks that have been outstanding for over two years, starting with the oldest, and turn the money over to the City of Monroe with a corresponding list. However, this process is time consuming and may take longer than one year to complete. We will have made progress on it by the end of the current fiscal year. Furthermore, we planned on completing this in the prior fiscal year, but were unable to due to software issues. Our outstanding deposits were duplicates and were caused by software issues, also. We will research and reverse any duplicate entries that we note during reconciling. We will review and retain all records pertaining to the procedures discussed above.

Status: Still outstanding; See Finding 2013-01

Report Period: April 30, 2012

ML-2012-03

Reconcile Garnishment Account Weekly

Through inquiries of management of the Monroe City Marshal's office, we noted discrepancies in the garnishment fund additions and reductions. We suggest that the Monroe City Marshal perform a weekly reconciliation of the garnishment fund additions and reductions, in which they would also note any differences. A spreadsheet can be used to document the reconciliation totals and differences. Supporting documentation and reports should be reviewed and retained by management and available for audit.

Auditee Response and Plan: The Monroe City Marshal's office agrees with the above statement. Our new software provides us with a reconciliation report for the Garnishments on a weekly basis. We began reconciling the garnishments, reviewing and retaining records at the beginning of our current fiscal year. We plan to maintain our current garnishment reconciliation procedures from this day forward.

Status: Cleared

Narrative Action: Corrective action was taken

Report Period: April 30, 2012