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WARD THREE MARSHAL -- CITY OF  
LAKE CHARLES, LOUISIANA

GENERAL-PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 22 2000

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## INDEPENDENT AUDITORS' REPORT

Mr. Tony Mancuso  
Ward Three Marshal - City of Lake Charles, Louisiana

We have audited the accompanying general-purpose financial statements of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Ward Three Marshal's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ward Three Marshal, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2000, on our consideration of the Ward Three Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Langley, Williams & Co., L.L.C.*

March 3, 2000

Ward Three Marshal - City of Lake Charles, Louisiana

COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	Governmental	Fiduciary	Account Groups		Totals (Memorandum Only)
	Fund Type General Fund	Fund Type Agency Funds	General Long-Term Obligations	General Fixed Assets	
<b>ASSETS</b>					
Cash	\$ 39,758	\$ 42,231	\$ -	\$ -	\$ 81,989
Receivables - court fees	7,340	-	-	-	7,340
Fixed assets	-	-	-	109,614	109,614
Amount to be provided for retirement of general long-term obligations	-	-	287,695	-	287,695
<b>TOTAL ASSETS</b>	<b>\$ 47,098</b>	<b>\$ 42,231</b>	<b>\$ 287,695</b>	<b>\$ 109,614</b>	<b>\$ 486,638</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 13,479	\$ -	\$ -	\$ -	\$ 13,479
Accrued liabilities	85	-	-	-	85
Due to others	-	42,231	-	-	42,231
Liability for judgments and claims	-	-	287,695	-	287,695
<b>Total liabilities</b>	<b>13,564</b>	<b>42,231</b>	<b>287,695</b>	<b>-</b>	<b>343,490</b>
<b>FUND EQUITY AND OTHER CREDITS</b>					
Investment in general fixed assets	-	-	-	109,614	109,614
Fund balances:					
Unreserved and undesignated	33,534	-	-	-	33,534
<b>Total fund equity</b>	<b>33,534</b>	<b>-</b>	<b>-</b>	<b>109,614</b>	<b>143,148</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 47,098</b>	<b>\$ 42,231</b>	<b>\$ 287,695</b>	<b>\$ 109,614</b>	<b>\$ 486,638</b>

See accompanying notes to the general-purpose financial statements.

Ward Three Marshal - City of Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND

For the Year Ended December 31, 1998

REVENUES

Court fees	\$ 137,730
Intergovernmental	19,000
Other	10,952
	<u>167,682</u>

EXPENDITURES

Current operating	
Advertisement	946
Automobile	3,068
Contract labor	1,520
Civic work	282
Dues and subscriptions	1,792
Equipment repair	8,441
Fuel	302
Law enforcement supplies	6,745
Legal and professional	54,725
Meals and travel	3,305
Miscellaneous	452
Office supplies	12,702
Payroll taxes	5,538
Telephone	1,600
Training and education	1,667
Wages	59,547
Debt service	
Principal retirement of long-term debt	6,229
Interest	226
Capital outlay	17,354
Total expenditures	<u>186,441</u>

EXCESS OF EXPENDITURES OVER REVENUES (18,759)

Fund balance at beginning of year	<u>52,293</u>
Fund balance at end of year	<u><u>\$ 33,534</u></u>

See accompanying notes to the general-purpose financial statements.

Ward Three Marshal – City of Lake Charles, Louisiana

Notes to the General-Purpose Financial Statements

INTRODUCTION

As provided by Louisiana state statute, the Ward Three Marshal serves a six-year term as the executive officer of the City Court of Lake Charles, Louisiana. The Marshal's responsibilities include executing the orders and mandates and serving subpoenas of the City Court, as well as enforcing state and local laws and ordinances within the territorial boundaries of Ward Three of Calcasieu Parish, Louisiana. The Marshal also collects and disburses garnishments of wages within Ward Three.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of the Ward Three Marshal have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Ward Three Marshal's accounting policies are described below.

1. Reporting Entity

The Marshal is an independently elected official; however, the Marshal is fiscally dependent on the City of Lake Charles. The City maintains and operates the city courthouse as well as pays the salaries of the Marshal and most of his personnel. Because the Marshal is fiscally dependent on the City, the Marshal was determined to be a component unit of the City of Lake Charles, Louisiana, the financial reporting entity.

The accompanying general-purpose financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Marshal are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

**General Fund**

The General Fund is the principal fund of the Marshal's office and accounts for the operations of the Marshal's office. The Marshal's primary source of revenue is court fees from the City Court of Lake Charles. Other sources of revenue include commissions for collecting money on execution of orders of seizure and sale and execution of writs. General operating expenditures are paid from this fund.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

**Agency Funds**

The agency funds are used as depositories for garnishments and fines collected, cash bonds, sales proceeds of seized assets, et cetera. Disbursements from these funds are made to various City agencies, litigants in suits, et cetera, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**General Fixed Assets Account Group:**

Fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**General Long-Term Debt Account Group**

Long-term obligations expected to be financed from the General Fund are reported in the general long-term debt account group.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general-purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying general-purpose financial statements have been prepared on the modified basis of accounting. The General Fund uses the following practices in recording revenues and expenditures:

**Revenues**

Court fees are received in the month following collection by the City Court. The Marshal recognizes court fee revenue during the month they are collected by the City Court. Commissions on sales of seized property and other collections under court orders are recognized upon collection.

**Expenditures**

Salaries are recorded when paid. Purchases of capital assets and other goods and services are recorded when those goods or services have been delivered. Principal and interest on general long-term obligations are recognized when due. Claims and judgments are recognized as expenditures when actually paid. The amount of claims and judgments not requiring current resources is recorded in the general long-term debt account group.

4. Budgets

The Ward Three Marshal is not legally required to adopt a budget and did not adopt a budget for the year ended December 31, 1998.

Notes to the General-Purpose Financial Statements (Continued)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

5. Cash

Cash includes amounts in demand deposits and time deposits. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks recognized under Louisiana law and national banks having their principal offices in Louisiana.

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 bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the Marshal has \$92,005 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

6. Total Columns

Total columns on the general-purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

7. Use of Estimates

The preparation of general-purpose financial statements in conformity with generally accepted accounting principles requires the Marshal to make significant estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the general-purpose financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

NOTE B -- CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at End of of Year</u>
Automobiles	\$ 50,871	\$ 27,300	\$( 32,402)	\$ 45,769
Furniture and fixtures	18,590	-	-	18,590
Radio equipment	29,339	200	-	29,539
Equipment	<u>13,362</u>	<u>2,354</u>	<u>-</u>	<u>15,716</u>
	<u>\$ 112,162</u>	<u>\$ 29,854</u>	<u>\$( 32,402)</u>	<u>\$ 109,614</u>



Ward Three Marshal – City of Lake Charles, Louisiana

Notes to the General-Purpose Financial Statements (Continued)

NOTE C – CHANGES IN LONG-TERM DEBT

The following is a summary of the changes in the long-term debt account group for the year ended December 31, 1998:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of of Year
Notes payable to bank	\$ 6,229	\$ -	\$( 6,229)	\$ -
Claims and judgments	<u>287,695</u>	<u>-</u>	<u>-</u>	<u>287,695</u>
	\$ <u>293,924</u>	\$ <u>-</u>	\$( <u>6,229</u> )	\$ <u>287,695</u>

NOTE D - CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to others for the year ended December 31, 1998 is as follows:

	Balance at Beginning of Year	Additions	Disbursements	Balance at End of of Year
Garnishments fund	\$ 14,809	\$ 601,740	\$(591,108)	\$ 25,441
Bond fund	8,431	2,400	( 4,500)	6,331
Seizures fund	-	16,296	( 16,194)	102
Violations fund	<u>8,836</u>	<u>88,890</u>	<u>( 87,369)</u>	<u>10,357</u>
	\$ <u>32,076</u>	\$ <u>709,326</u>	\$( <u>699,171</u> )	\$ <u>42,231</u>

NOTE E - COMMISSIONS

In accordance with state statute, the Marshal receives a commission of six percent of garnishments and other collections related to orders of the City Court as part of his compensation. The Marshal also receives six percent of the proceeds of sales of seized property, also as part of his compensation. During the year ended December 31, 1998, the Marshal's Office paid the Marshal commissions totaling \$38,147.

NOTE F – SUBSEQUENT EVENT

In 1997, a group of former employees of the Marshal's Office filed suit claiming wrongful termination against the Marshal's Office and other parties. On July 1, 1999, a judgment in the amount of \$287,695 was rendered against the Marshal's Office in the suit. The Marshal intends to appeal the judgment, however, the amount of the judgment has been recorded in the general long-term debt account group.



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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Tony Mancuso  
Ward Three Marshal - City of Lake Charles, Louisiana  
Lake Charles, LA

We have audited the financial statements of the Ward Three Marshal, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Ward Three Marshal's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 98-1.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ward Three Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of Ward Three Marshal's management, the City of Lake Charles, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Lake Charles, LA  
March 3, 2000

*Langley, Williams & Co., L.L.C.*

Ward Three Marshal - City of Lake Charles, Louisiana

Schedule of Findings and Questioned Costs

December 31, 1998

We have audited the general-purpose financial statements of Ward Three Marshal - City of Lake Charles, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated March 3, 2000. We conducted our audit in accordance with 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. Our audit of the general-purpose financial statements as of December 31, 1998, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the General-purpose financial statements

Internal Control:

Material Weaknesses	Yes	x	No
Reportable Conditions	Yes	x	No

Compliance:

Compliance Material to General-Purpose Financial Statements	x	Yes	No
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Section II Financial Statement Findings

1998-1. Garnishment Agency Fund. As chief executive officer of the City Court of Lake Charles, the Marshal is responsible for executing the orders and mandates of the Court, including judgments for garnishment of wages. The Marshal, as part of these responsibilities, collects and disburses these garnishments as provided in the Court's order. In 1999, the Marshal determined that the employee responsible for garnishments was not appropriately disbursing funds to the creditors. The employee was terminated and the Marshal has implemented a procedure whereby the garnishment deposits and disbursements are reconciled monthly. However, the Marshal has not yet reconciled those garnishments collected prior to the termination of the afore-mentioned employee. The Marshal estimates that approximately \$23,000 of garnishments collected as of December 31, 1998, have not been properly disbursed. We recommend that the garnishment account be reconciled and all funds be disbursed to the appropriate creditors.

Section III Federal Award Findings and Questioned Costs

Not applicable.

Ward Three Marshal – City of Lake Charles, Louisiana

Corrective Action Plan for Current Year Audit Findings

December 31, 1998

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS</b>	
1998-1. Garnishment Agency Fund. See Schedule of Findings and Questioned Costs.	As stated on the Schedule of Findings and Questioned Costs, the Marshal has terminated the employee that was responsible for the garnishments fund. Additionally, the Marshal has implemented a procedure whereby garnishment collections are reconciled to the disbursements to creditors. The Marshal intends to follow the auditors' recommendation to reconcile the garnishment account and make the appropriate disbursements.
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
Not applicable.	
<b>SECTION III MANAGEMENT LETTER</b>	
Not applicable	

Ward Three Marshal – City of Lake Charles, Louisiana

Schedule of Prior Year Findings

December 31, 1998

This year was the first year that the Ward Three Marshal has been audited, however, we did perform agreed-upon procedures as prescribed by the Louisiana Governmental Audit Guide in the prior year. There were no findings as a result of our agreed-upon procedures for the year ended December 31, 1997.