



RECEIVED  
LEGISLATIVE AUDITOR  
00 MAY 22 AM 9:53

OFFICIAL  
FILE COPY

DO NOT SEND OUT

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**BOSSIER CITY MARSHAL,**  
a component unit of the City of Bossier City, Louisiana

Financial Statements

December 31, 1999

(With Independent Auditors' Report Thereon)

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           MAY 24 2000



1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

## Independent Auditors' Report

Mr. Johnny Wyatt, Marshal  
City of Bossier City, Louisiana:

We have audited the accompanying financial statements of the Bossier City Marshal, a component unit of the City of Bossier City, Louisiana, as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Bossier City Marshal's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the financial position of the Bossier City Marshal as of December 31, 1999, 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 10, 2000, on our consideration of the Bossier City Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

March 10, 2000



**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Combined Balance Sheet

December 31, 1999  
with comparative totals at December 31, 1998

	Governmental Fund Types - Special Revenue				Agency Fund Traffic Fund	General Fixed Asset Account Group	Totals (Memorandum Only) 1999	Totals (Memorandum Only) 1998
	Contingency Fund	Garnishment Fund	General Fund	Probation Fund				
<b>Assets</b>								
Cash	\$ 68,881	36,539	4,682	23,206	-	-	133,308	132,839
Property and equipment	-	-	-	-	-	162,150	162,150	133,101
Other receivable	51,430	-	2,815	19,211	-	-	73,456	15,583
Due from City Court	4,460	-	-	-	-	-	4,460	5,420
Total assets	\$ 124,771	36,539	7,497	42,417	-	162,150	373,374	286,943
<b>Liabilities, Fund Balances, and Other Credits</b>								
Liabilities:								
Accounts payable	\$ 9,961	36,539	-	-	-	-	46,500	36,305
Deferred revenue	-	-	-	315	-	-	315	-
Total liabilities	9,961	36,539	-	315	-	-	46,815	36,305
Fund balances and other credits:								
Investment in general fixed assets	-	-	-	-	-	162,150	162,150	133,101
Fund balances - unreserved - undesignated	114,810	-	7,497	42,102	-	-	164,409	117,537
Total fund balances and other credits	114,810	-	7,497	42,102	-	162,150	326,559	250,638
Total liabilities, fund balances and other credits	\$ 124,771	36,539	7,497	42,417	-	162,150	373,374	286,943

See accompanying notes to financial statements.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Combined Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Governmental Fund Types - Special Revenue

Year ended December 31, 1999  
with comparative totals for the year ended December 31, 1998

	<u>Contingency Fund</u>	<u>Garnishment Fund</u>	<u>General Fund</u>	<u>Probation Fund</u>	<u>Totals (Memorandum Only)</u>	
					1999	1998
Revenues:						
City Court	\$ 76,904	-	-	-	76,904	70,446
Contributions	10,000	-	-	-	10,000	-
Garnishments	-	486,409	-	-	486,409	416,072
Sales and seizures	-	-	18,966	-	18,966	18,342
Interest	1,859	-	-	156	2,015	2,023
Commissions and fees	-	-	6,804	30,400	37,204	13,878
Total revenues	<u>88,763</u>	<u>486,409</u>	<u>25,770</u>	<u>30,556</u>	<u>631,498</u>	<u>520,761</u>
Expenditures:						
Public safety:						
Car allowance	8,322	-	-	-	8,322	8,362
Training	15,273	-	-	-	15,273	8,945
Travel, lodging, and meals	3,698	-	-	-	3,698	6,109
Other operating	11,545	-	14,708	-	26,253	31,332
Payments to the Marshal	-	24,927	14,840	782	40,549	33,412
Garnishments	-	461,482	-	-	461,482	394,420
	<u>38,838</u>	<u>486,409</u>	<u>29,548</u>	<u>782</u>	<u>555,577</u>	<u>482,580</u>
Capital outlay	<u>29,049</u>	-	-	-	29,049	70,839
Total expenditures	<u>67,887</u>	<u>486,409</u>	<u>29,548</u>	<u>782</u>	<u>584,626</u>	<u>553,419</u>
Excess (deficiency) of revenues over expenditures	20,876	-	(3,778)	29,774	46,872	(32,658)
Fund balance, beginning of year, as previously reported	78,351	-	11,275	-	89,626	122,284
Prior period adjustments	15,583	-	-	12,328	27,911	-
Fund balance, beginning of year, as restated	<u>93,934</u>	-	<u>11,275</u>	<u>12,328</u>	<u>117,537</u>	<u>122,284</u>
Fund balance, end of year	\$ <u>114,810</u>	<u>-</u>	<u>7,497</u>	<u>42,102</u>	<u>164,409</u>	<u>89,626</u>

See accompanying notes to financial statements.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Statement of Changes in Asset  
and Liability - Agency Fund  
Traffic Fund

For the year ended December 31, 1999

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1999</u>
Asset - cash	\$ -	515,385	515,385	-
Liability - due to City Court	\$ -	515,385	515,385	-

See accompanying notes to financial statements.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

**(1) Summary of Significant Accounting Policies**

The Bossier City Marshal (the "Marshal") is a separate department within the City of Bossier City's (the "City") organizational structure. The Marshal's office is funded by the City. Property and equipment purchased by the City are recorded in the City's general fixed asset account group. The Marshal's departmental expenses such as payroll and related costs, maintenance, utilities, etc., are paid for by the City. These financial statements account for all activities of the Marshal's office not funded by the City.

The Marshal is the executor of the City Court and, therefore, is responsible for executing the orders and mandates of the City Court.

**(A) Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

The Marshal's financial statements are included in the City's reporting entity as a discretely presented component unit because of the significance of their financial relationship with the City.

The Marshal is an elected official who is fiscally dependent on the City. The City has the ability to modify or approve the budget which is funded by the City's General Fund except for certain funds collected as court costs, pursuant to state statute, which are under the control of the Marshal. The Marshal serves the citizenry of the City.

**(B) Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenues are primarily recorded when received in cash because they are generally not measurable until actually received. Expenditures are recognized when the related fund liability is incurred. The accompanying financial statements have been prepared on the modified accrual basis of accounting.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

**(C) *Basis of Presentation — Fund Accounting***

The accounts of the Marshal are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The following funds are used by the Marshal:

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. All governmental funds are accounted for on a spending measurement focus where the focus is upon determination of changes in financial position rather than upon net income determination. Each of the following funds are considered special revenue funds for financial reporting purposes given that specific revenue sources of each are restricted to use for a specified purpose. The fund captioned General Fund is not a general fund as defined for governmental financial reporting purposes.

**Contingency Fund**

The Contingency Fund is used to account for monthly receipts from the City Court for the Marshal's share of additional court costs assessed by the court. Both the Marshal and City Court receive ten dollars per criminal case as authorized by Louisiana State Statute R.S. 13:1899C. The Marshal uses this fund to pay for the operational expenses of the office. This fund also accounts for the collections of traffic and court imposed fines which are remitted to the City Court and from which the Marshal receives a commission.

**Garnishment Fund**

The Garnishment Fund is used to account for the collection and disbursement of garnishments of wages in accordance with the orders and writs of the City Court. The Marshal receives a commission of six percent for the execution of orders and writs of the City Court as authorized by Louisiana State Statute R.S. 33:1704.

**General Fund**

The General Fund is used to account for the collection and disbursement of the sale and seizure of property in accordance with the orders and writs of the City Court. The Marshal receives a commission of six percent for the execution of the seizure and sale and fees for related services as established by Louisiana State Statute R.S. 33:1704.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

**Probation Fund**

The Probation Fund is used to account for the collection of probation fees as ordered by the Court. The funds are used for purchases of equipment and payment of other operational expenses of the Marshal's office.

**ACCOUNT GROUP**

An account group is used to establish accounting control and accountability for the Marshal's general fixed assets.

**General Fixed Assets Account Group**

This account group was established to account for all fixed assets purchased with monies from the Marshal's funds as described above.

***(D) Fixed Assets***

The accounting and reporting treatment applied to the fixed assets associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. This reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets, nor has interest been capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

***(E) Income Taxes***

As part of a governmental unit, the funds of the Marshal are not subject to federal or state income taxes.



**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

Notes to Financial Statements

December 31, 1999

**(F) *Budgets***

The Marshal does not formally adopt budgets for the Contingency, Garnishment, General, Probation and Traffic Funds and, therefore, budget to actual comparisons have not been presented with these financial statements.

**(G) *Total Columns on Combined Financial Statements***

Total columns on the combined financial statements are captioned "Totals-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 consolidation. Interfund eliminations have not been made in the aggregation of this data.

**(H) *Comparative Total Data***

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Marshal's financial position and operations. However, comparative data (i.e., presentation of prior year totals by fund) have not been presented in each of the statements, since their inclusion would make the statements unduly complex and difficult to read. Certain amounts relating to 1998 have been reclassified in the accompanying financial statements in order to conform with the 1999 presentation.

**(I) *Interfund Transactions***

Interfund transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is being reimbursed. Nonrecurring or nonroutine transfers of equity between funds are treated as residual equity transfers and are reported as additions to or reductions from fund balance. All other transfers are treated as operating transfers and are included in the results of operations.

**(J) *Cash Equivalents***

The Marshal's office considers all certificates of deposit with an original maturity of three months or less when purchased to be cash equivalents.

**(2) *Cash***

All deposits of the Marshal's office are held by area financial institutions. At December 31, 1999, the carrying amount of the Marshal's deposits was \$133,308 and the bank balance was \$133,324. All deposits are insured by the Federal Deposit Insurance Corporation. During 1999, the Marshal purchased a certificate of deposit with cash from the Contingency Fund. This certificate of deposit comprises \$55,475 of cash deposits at December 31, 1999.

**BOSSIER CITY MARSHAL, A COMPONENT UNIT  
OF THE CITY OF BOSSIER CITY, LOUISIANA**

*Notes to Financial Statements*

December 31, 1999

**(3) Fixed Assets**

The changes in general fixed assets for the year ended December 31, 1999 consist exclusively of additions of furniture, equipment and vehicles in the amount of \$29,049.

**(4) Prior Period Adjustments**

In 1999, the Marshal discovered an employee theft that impacted the 1998 financial statement amounts. The 1998 financial statements of the Marshal have been restated to reflect the amount of theft as a receivable since it is expected that all amounts stolen will be repaid. Also, in connection with the theft, the Probation Fund was not included in the 1998 financial statements of the Marshal. The 1998 financial statements of the Marshal have also been restated to include the activity of the Probation Fund. The 1999 beginning balances of the Marshal's Contingency and Probation Funds have been restated by \$15,583 and \$12,328, respectively, to properly account for the impact of the employee theft in 1998.



1900 Deposit Guaranty Tower  
333 Texas Street  
Shreveport, LA 71101-3692

RECEIVED  
1002-0716 AUDITOR  
00 MAY 22 AM 9:51

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

Mr. Johnny Wyatt, Marshal  
City of Bossier City, Louisiana:

We have audited the financial statements of the Bossier City Marshal (the "Marshal"), as of and for the year ended December 31, 1999, and have issued our report thereon dated March 10, 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 Marshal's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving internal control over financial reporting and its operation we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over financial reporting that, in our judgment, could adversely affect the Marshal's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions identified involved the absence of adequate segregation of duties and review of original documentation supporting expenditures and bank balances. This situation resulted in the theft of over \$73,000 from the Marshal's office that remained undetected for several months. Much of the supporting original documentation was destroyed in the process.

Proper segregation of duties dictates that the same individual should not be placed in a position where the potential exists to both commit and conceal an error or irregularity. Thus, the functions of recording, receiving, disbursing, reconciling and depositing functions should be segregated among several individuals to reduce the risk of concealment of error or irregularity. We recommend the Marshal implement controls to ensure these functions are segregated. In addition, we recommend the Marshal review all original bank



statements and reconciliations, approve all disbursements and review all monthly financial activity. We recommend the Marshal document these reviews and approvals with his initials on supporting documentation. In addition, we recommend that when signing checks, the Marshal review supporting documentation at the time checks are signed.

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 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 also considered to be material weaknesses. However, we consider the reportable conditions described above to also be material weaknesses.

This report is intended solely for the information and use of the Marshal, management, and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 10, 2000



RECEIVED  
LEGISLATIVE DIVISION  
00 MAY 22 AM 10:30

May 9, 2000

*Dr. Daniel G. Kyle*  
Legislative Auditor  
State of Louisiana  
PO Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

as previously communicated to your office and as identified in the Report on Compliance and Internal Control issued by our auditors, KPMG LLP, the City of Bossier City Marshal's Office experienced a theft of approximately \$73,000.00 that occurred over a period of several months due to lack of adequate segregation of duties and the absence of review of original documentation for expenditures and bank statements. I am pleased to report that we have been repaid for all amounts taken.

In response to this event and to the auditor's report, our office has taken the following steps as part of a corrective action plan:

Closed existing bank accounts and transferred all funds to newly established bank accounts;

All bookkeeping related matters are being handled or reviewed by me while a new employee;

After the new employee is trained, we will segregate the handling of funds and the reconciliation of the bank accounts;

All bank statements are (and will be) delivered to me unopened at which time I review the statements and checks for any unusual items;

Original deposit slips are returned to me for filing with the appropriate support;

I will review supporting documentation when signing checks and will initial all expenditure support and bank reconciliations to evidence my review;



May 9, 2000  
Dr. Daniel G. Kyle  
Legislative Auditor  
Page 2

Excess funds in the Probation account are periodically transferred to the Contingency fund for use in purchasing investments as appropriate; and

We have purchased additional blanket bond coverage of up to \$100,000 on each employee in the office.

We have discussed these steps with our auditors and have asked that they review the procedures on a six-month basis as we seek continuously improve our controls. We feel these steps will help us to avoid a recurrence of this type situation.

If I can provide any additional information, please do not hesitate to call.

Sincerely,

A large, stylized handwritten signature in black ink, which appears to be 'Johnny Wyatt', is written over the typed name.

Johnny Wyatt, Marshal

Jw/bm