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RUSTON CITY MARSHAL'S OFFICE

**FINANCIAL REPORT
SEPTEMBER 30, 1999**

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Release Date 1-26-00

RUSTON CITY MARSHAL'S OFFICE

FINANCIAL REPORT SEPTEMBER 30, 1999

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet--All Fund Types and Account Group	3
Statements of Revenues, Expenditures and Changes in Fund Balances--Governmental Fund Type	4
Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget (GAAP Basis) and Actual-- -Governmental Fund Type	5
Notes to Financial Statements	6 - 11
OTHER REPORTS AND SCHEDULES	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	13 - 14
Schedule of Findings and Questioned Costs	15
Management's Corrective Action Plan	16

DON M. McGEHEE
(A Professional Accounting Corporation)
P.O. Box 1344
806 North Trenton
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INDEPENDENT AUDITOR'S REPORT

Honorable F. Michael Hilton
Ruston City Marshal's Office
P.O. Box 1582
Ruston, LA 71270

I have audited the accompanying general purpose financial statements of the Ruston City Marshal's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ruston City Marshal's Office's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ruston City Marshal's Office as of September 30, 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, I have also issued a report dated September 30, 1999, on my consideration of the Ruston City Marshal's Office's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The required supplementary information in Note 7 on the Year 2000 Issue is not a required part of the general purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Don M. McGehee
Certified Public Accountant
December 29, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS--OVERVIEW)**

RUSTON CITY MARSHAL'S OFFICE

COMBINED BALANCE SHEET--ALL FUND TYPES AND ACCOUNT GROUP SEPTEMBER 30, 1999

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memoran- dum Only)</u>
	<u>General</u>	<u>Agency</u>	<u>General Fixed Assets</u>	
ASSETS				
Cash	\$ 39,890	\$ 10,007	\$ 0	\$ 49,897
Investments	30,000	0	0	30,000
Equipment	<u>0</u>	<u>0</u>	<u>81,393</u>	<u>81,393</u>
TOTAL ASSETS	<u>\$ 69,890</u>	<u>\$ 10,007</u>	<u>\$ 81,393</u>	<u>\$ 161,290</u>
LIABILITIES AND EQUITY				
LIABILITIES:				
Bonds Held for Future Disposition	\$ 0	\$ 5,950	\$ 0	\$ 5,950
Undisbursed Fines and Court Costs	<u>0</u>	<u>4,057</u>	<u>0</u>	<u>4,057</u>
TOTAL LIABILITIES	<u>0</u>	<u>10,007</u>	<u>0</u>	<u>10,007</u>
FUND EQUITY:				
Investment in General Fixed Assets	0	0	81,393	81,393
Fund Balance--Unreserved and Undesignated	<u>69,890</u>	<u>0</u>	<u>0</u>	<u>69,890</u>
TOTAL FUND EQUITY	<u>69,890</u>	<u>0</u>	<u>81,393</u>	<u>151,283</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 69,890</u>	<u>\$ 10,007</u>	<u>\$ 81,393</u>	<u>\$ 161,290</u>

See accompanying notes to financial statements.

RUSTON CITY MARSHAL'S OFFICE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED SEPTEMBER 30, 1999 WITH COMPARATIVE UNAUDITED AMOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 1998

	1999	Unaudited 1998
REVENUES		
Bonding Fees	\$ 10,070	\$ 9,215
Commissions on Court Costs	54,563	50,906
Driving Course Fees	6,970	10,171
Home Incarceration Fees	5,006	12,394
Interest Income	4,563	4,580
On-Behalf Revenue	137,185	127,084
Other Fees	2,919	972
TOTAL REVENUES	221,276	215,322
EXPENDITURES		
Capital Outlay--Equipment	11,157	20,229
Accounting Fees	2,100	2,300
Auto Expense-Deputies	3,084	3,104
Auto Expense-Marshal	3,848	2,618
Dues & Subscriptions	441	498
Equipment Repair and Maintenance	1,375	868
Insurance	300	300
Law Enforcement Supplies	2,192	2,008
Miscellaneous	421	125
Motorcycle Training	0	140
Office Supplies	3,454	5,140
On-Behalf Expenses	137,185	127,084
Payroll Taxes	951	651
Probation Department	617	291
Rent	360	360
Retirement	4,498	538
Salaries	39,410	34,942
School Seminars and Travel	4,189	2,577
Telephone & Utilities	6,926	6,333
Truck Expense	1,526	935
Uniforms	6,583	1,450
TOTAL EXPENDITURES	230,617	212,491
EXCESS OF REVENUES OVER EXPENDITURES	(9,341)	2,831
FUND BALANCE--BEGINNING	79,231	76,400
FUND BALANCE--ENDING	\$ 69,890	\$ 79,231

See accompanying notes to financial statements.

RUSTON CITY MARSHAL'S OFFICE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-- BUDGET (GAAP BASIS) AND ACTUAL--GOVERNMENTAL FUND TYPE GENERAL FUND FOR THE YEAR ENDED SEPTEMBER 30, 1999

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Bonding Fees	\$ 9,000	\$ 10,070	\$ 1,070
Commissions on Court Costs	49,000	54,563	5,563
Driving Course Fees	6,000	6,970	970
Home Incarceration Fees	4,200	5,006	806
Interest Income	4,000	4,563	563
On-Behalf Payments	142,992	137,185	(5,807)
Other Fees	2,500	2,919	419
TOTAL REVENUES	<u>217,692</u>	<u>221,276</u>	<u>3,584</u>
EXPENDITURES			
Capital Outlay--Equipment	14,600	11,157	3,443
Accounting Fees	2,100	2,100	0
Auto Expense-Deputies	3,600	3,084	516
Auto Expense-Marshal	3,800	3,848	(48)
Dues & Subscriptions	600	441	159
Equipment Repair and Maintenance	1,600	1,375	225
Insurance	1,100	300	800
Law Enforcement Supplies	2,600	2,192	408
Miscellaneous	1,100	421	679
Motorcycle Training	600	0	600
Office Supplies	3,500	3,454	46
On-Behalf Expenses	142,992	137,185	5,807
Payroll Taxes	1,200	951	249
Probation Department	0	617	(617)
Rent	360	360	0
Retirement	5,000	4,498	502
Salaries	40,300	39,410	890
Schools, Seminars and Travel	5,300	4,189	1,111
Telephone & Utilities	7,200	6,926	274
Truck Expense	1,800	1,526	274
Uniforms	7,000	6,583	417
TOTAL EXPENDITURES	<u>246,352</u>	<u>230,617</u>	<u>15,735</u>
EXCESS OF REVENUES OVER EXPENDITURES	(28,660)	(9,341)	19,319
FUND BALANCE--BEGINNING	<u>79,231</u>	<u>79,231</u>	<u>0</u>
FUND BALANCE--ENDING	\$ <u>50,571</u>	\$ <u>69,890</u>	\$ <u>19,319</u>

See accompanying notes to financial statements.

RUSTON CITY MARSHAL'S OFFICE

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 1999

The Ruston City Marshal's Office was created by special legislative Act RS 13; 1952 (20). Its territorial jurisdiction extends throughout Lincoln Parish, Louisiana.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. This codification is recognized as generally accepted accounting principles for state and local government. The accounting and reporting policies of the Ruston City Marshal's Office conform to these generally accepted accounting principles and the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Governmental Audit Guide and to the industry audit guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For financial reporting purposes, in conformity with GASB Statement No. 14, the Ruston City Marshal's Office is a component unit of the City of Ruston. For the purposes of this financial report this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

B. Fund Accounting

The accounts of the Ruston City Marshal's Office are organized on the basis of funds, 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 equity, revenue and expenditures. Ruston City Marshal's Office revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements presented in this report, into two generic fund types and two broad fund categories as follows:

Governmental Funds--

General Fund. The General Fund is the general operating fund of the Ruston City Marshal's Office. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds--

Agency Fund. The Agency Fund is used to account for assets held by the Ruston City Marshal's Office as an agent for individuals and private organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. At any given point in time, total Agency Fund assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held by the Ruston City Marshal's Office. Agency Funds have no fund equity. Agency Funds do not have GAAP operations or GAAP operating statements.

RUSTON CITY MARSHAL'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets Account Group--

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost. No depreciation is recorded on general fixed assets. General fixed assets are recorded as an expenditure in the governmental fund type when purchased.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The General Fund uses 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 be used to pay liabilities of the current period. A sixty day availability period is used for revenue recognition for all revenues. Interest revenues are susceptible to accrual. Commissions and fees are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized when the related fund liability is incurred.

D. Budgetary Practices

The Ruston City Marshal's Office prepared an operating budget on its general fund for the year ended September 30, 1999, as required by generally accepted accounting principles as applicable to governmental units. The operating budget is monitored by management and amended throughout the year as necessary. The amended budget for the General Fund is presented in the Statement of Revenue, Expenditures, and Changes in Fund Balance--Budget and Actual. No budgets are necessary on Agency Funds of the Ruston City Marshal's Office as these funds are of a custodial nature.

Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

E. Cash and Investments

Cash and cash equivalents consist of cash on hand, interest bearing demand deposits, and time deposits with original maturities of three months or less from the date of acquisition. Investments consist of time deposits with original maturities in excess of three months from the date of acquisition. Under state law, the Marshal may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Deposits are carried at cost which approximates market value.

F. Vacation and Sick Leave

Vacation and sick leave are noncumulative. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

RUSTON CITY MARSHAL'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Total Columns on the Combined Statement

The total columns on the combined statement is captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

H. Comparative Data

Comparative unaudited total data for the prior year has been presented in certain of the accompanying financial statements in order to provide an understanding of changes in the financial position and operations. Certain amounts for 1998 have been reclassified to conform to the 1999 presentation.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consists of cash on hand, interest bearing demand deposits and time deposits. At September 30, 1999, the carrying amount of cash and investments was \$79,897, which consisted of deposits of \$79,697 and \$200 in a petty cash fund. The bank balance for the deposits was \$130,215. The bank balance was covered by federal depository insurance.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets during 1999 is as follows:

	Balance <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>09/30/99</u>
Equipment	\$ <u>87,472</u>	\$ <u>11,157</u>	\$ <u>17,236</u>	\$ <u>81,393</u>
Totals	\$ <u>87,472</u>	\$ <u>11,157</u>	\$ <u>17,236</u>	\$ <u>81,393</u>

NOTE 4- RETIREMENT COMMITMENTS

Ruston City Marshal's Office employees are paid by the City of Ruston and receive supplemental wages from the state of Louisiana and the Ruston City Marshal's Office. Wages paid by the City are covered under the City's participation in the Municipal Employees' Retirement System of Louisiana. The Marshal's Office supplemental wages are eligible for a voluntary Section 457 deferred compensation plan with the Louisiana Public Employees' Deferred Compensation Plan.

RUSTON CITY MARSHAL'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

NOTE 5 - ON-BEHALF PAYMENTS

Employees of the Ruston City Marshal's Office received salaries and fringe benefits from the City of Ruston and the State of Louisiana. The following is a summary of these on-behalf payments:

Salaries	\$ 109,905
Fringe Benefits	<u>27,280</u>
Totals	<u>\$ 137,185</u>

Fringe benefits paid by the City of Ruston include pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

NOTE 6 - FIDUCIARY FUND

The Ruston City Marshal's Office collects cash bail bonds posted by citizens arrested for criminal offenses or their bondsman. These cash bail bonds are held until final disposition of the respective case involved or until such time as ordered forfeited by the court. When a final disposition of a case is made, the cash bail bond is returned to the citizen or bondsman that posted the bond. In the case of a bond that has been ordered forfeited by the court, the cash bail is disbursed to the Marshal's Fine and Court Cost Fund for further disbursement as provided by law. The cash bond fund is used to account for the collection and ultimate disposition of these cash bail bonds. A summary of changes in assets and liabilities are as follows for the year ended September 30, 1999:

<u>Cash Bond Fund</u>	<u>Balance</u> <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/99</u>
ASSETS				
Cash	\$ <u>5,750</u>	\$ <u>8,568</u>	\$ <u>8,368</u>	\$ <u>5,950</u>
TOTAL ASSETS	\$ <u>5,750</u>	\$ <u>8,568</u>	\$ <u>8,368</u>	\$ <u>5,950</u>
LIABILITIES				
Bonds Held for Future Disposition	\$ 5,750	\$ 8,450	\$ 8,250	\$ 5,950
Due to General Fund	<u>0</u>	<u>118</u>	<u>118</u>	<u>0</u>
TOTAL LIABILITIES	\$ <u>5,750</u>	\$ <u>8,568</u>	\$ <u>8,368</u>	\$ <u>5,950</u>

RUSTON CITY MARSHAL'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 1999

NOTE 6 - FIDUCIARY FUND (Continued)

The Ruston City Marshal's Office collects fines and court costs received from violators of misdemeanor charges and forfeited cash bail bonds. City fines are disbursed to the City of Ruston and state fines are disbursed to the Lincoln Parish Police Jury. Court costs are disbursed to various agencies including the Marshal's General Fund for criminal court cost as provided by law. The fine and court cost fund is used to account for the collection and disbursement of these amounts. A summary of changes in assets and liabilities are as follows for the year ended September 30, 1999:

Fines and Court Costs Fund

	<u>Balance</u> <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/99</u>
ASSETS				
Cash	\$ <u>0</u>	\$ <u>415,148</u>	\$ <u>415,148</u>	\$ <u>0</u>
TOTAL ASSETS	\$ <u>0</u>	\$ <u>415,148</u>	\$ <u>415,148</u>	\$ <u>0</u>
LIABILITIES				
Undisbursed Fines and Court Costs	\$ <u>0</u>	\$ <u>413,845</u>	\$ <u>413,845</u>	\$ <u>0</u>
Due to General Fund	<u>0</u>	<u>1,303</u>	<u>1,303</u>	<u>0</u>
TOTAL LIABILITIES	\$ <u>0</u>	\$ <u>415,148</u>	\$ <u>415,148</u>	\$ <u>0</u>

The Ruston City Marshal's Office collects court ordered wage garnishments, receives proceeds from Marshal's sales (of court ordered seized property) and of sequestrations (of court ordered seized property). Receipts, after paying the costs associated with the garnishment, sale, or sequestration, are disbursed to the plaintiff or the plaintiff's attorney as provided by law. The civil fund is used to account for the collection and disbursement of these amounts. A summary of changes in assets and liabilities are as follows for the year ended September 30, 1999:

<u>Civil Fund</u>	<u>Balance</u> <u>10/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>09/30/99</u>
ASSETS				
Cash	\$ <u>6,425</u>	\$ <u>276,853</u>	\$ <u>279,221</u>	\$ <u>4,057</u>
TOTAL ASSETS	\$ <u>6,425</u>	\$ <u>276,853</u>	\$ <u>279,221</u>	\$ <u>4,057</u>
LIABILITIES				
Undisbursed Civil Funds	\$ <u>6,425</u>	\$ <u>276,088</u>	\$ <u>278,456</u>	\$ <u>4,057</u>
Due to General Fund	<u>0</u>	<u>765</u>	<u>765</u>	<u>0</u>
TOTAL LIABILITIES	\$ <u>6,425</u>	\$ <u>276,853</u>	\$ <u>279,221</u>	\$ <u>4,057</u>

RUSTON CITY MARSHAL'S OFFICE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 1999

REQUIRED SUPPLEMENTARY INFORMATION:

NOTE 7 - YEAR 2000 ISSUE

The Ruston City Marshal's Office is aware of the Year 2000 issue and that it could affect the operations of the computers used in the office. There has been no formalized plan or budget adopted to deal with the year 2000 issue at this time.

OTHER REPORTS AND SCHEDULES

DON M. McGEHEE
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806 North Trenton
Ruston, Louisiana 71273-1344

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Michael Hilton
Ruston City Marshal's Office
P.O. Box 1582
Ruston, LA 71270

I have audited the general purpose financial statements of the Ruston City Marshal's Office, a component unit of the City of Ruston, as of and for the year ended September 30, 1999, and have issued my report thereon dated December 29, 1999. I conducted my 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 Ruston City Marshal's Office's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Ruston City Marshal's Office's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the Ruston City Marshal's Office's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as item #1999-1.

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. My 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, I consider the reportable condition described above to be a material weakness.

This report is intended solely for the information of the Ruston City Marshal's Office, the City of Ruston, and the Legislative Auditor of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Don M. McGehee
Certified Public Accountant

December 29, 1999

RUSTON CITY MARSHAL'S OFFICE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 1999

I have audited the financial statements of the Ruston City Marshal's Office as of and for the year ended September 30, 1999, and have issued my report thereon dated December 29, 1999. I conducted my 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. My audit of the financial statements as of September 30, 1999 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

1999-1. The Ruston City Marshal's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

RUSTON CITY MARSHAL'S OFFICE

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR THE YEAR ENDED SEPTEMBER 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT

FINDINGS

1999-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

RESPONSE

It would not be cost-effective to hire additional personnel to provide adequate separation of duties for internal control for this size workload.

SECTION II MANAGEMENT LETTER

No findings have been reported under this section.