

OFFICIAL
FILE COPY

DO NOT SEND OUT

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

RECEIVED
LEGISLATIVE AUDITOR
2000 JUL -5 AM 10:57

Financial Report

***St. Mary Parish Ward Six
Marshal's Cost Fund***

Morgan City, Louisiana

December 31, 1999

Under provision: 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 09-20-00

TABLE OF CONTENTS

St. Mary Parish Ward Six Marshal's Cost Fund

December 31, 1999

	<u>Page Number</u>
Introductory Section	
Title Page	i
Table of Contents	ii
Financial Section	
Independent Auditors' Report	1 - 2
Combined Balance Sheet - All Fund Types and Account Groups	3
Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund	4
Notes to Financial Statements	5 - 9
Supplementary Data	
Statement of Cash Receipts and Disbursements- Garnishment Fund	10
Special Report of Certified Public Accountants	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	11- 14

ADAMS & JOHNSON

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 729 • 517 WISE STREET

PATTERSON, LOUISIANA 70392

(504) 395-9545

HERBERT J. ADAMS, JR., C.P.A.

WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Mr. Merlin Price, Marshal
St. Mary Parish Ward Six
Marshal's Cost Fund
P.O. Box 1577
Morgan City, LA 70381

We have audited the accompanying general purpose financial statements of the St. Mary Parish Ward Six Marshal's Cost Fund as of and for the year ended December 31, 1999 as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Mary Parish Ward Six Marshal's Cost Fund'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 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Parish Ward Six Marshal's Cost Fund 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 June 22, 2000 on our consideration of the St. Mary Parish Ward Six Marshal's Cost Fund's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations and contracts.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

Adams & Johnson

Adams & Johnson
Certified Public Accountants

Patterson, LA
June 22, 2000

COMBINED BALANCE SHEET-
ALL FUND TYPES AND ACCOUNT GROUPS

St. Mary Parish Ward Six Marshal's Cost Fund
December 31, 1999

	Governmental	Fiduciary	Account Groups		Total (Memorandum Only)
	Fund Type	Fund Type	General	General	
	General Fund	Agency Fund Garnishment Fund	Long-term Obligations	Fixed Assets	
<u>Assest and Other Debits</u>					
Cash	\$16,016	\$1,133	\$0	\$0	\$17,149
Certificate of deposit	5,625	0	0	0	5,625
Due from Marshal	1,923	0	0	0	1,923
Due from City Court of Morgan City	1,965	0	0	0	1,965
Due from Garnishment Fund	341	0	0	0	341
Accrued interest receivable	223	0	0	0	223
General fixed assets	0	0	0	38,898	38,898
Amount to be provided for retirement of long-term obligations	0	0	553	0	553
Total assets and other debits	\$26,093	\$1,133	\$553	\$38,898	\$66,677
<u>Liabilities, Fund Equity & Other Credits</u>					
Liabilities					
Accounts payable	\$1,700	\$0	\$0	\$0	\$1,700
Due to General Fund	0	341	0	0	341
Garnishment Payable	0	792			792
Note payable	0	0	553	0	553
Total liabilities	\$1,700	\$1,133	\$553	\$0	\$3,386
Fund Equity and Other Credits					
Investment in general fixed assets	\$0	\$0	\$0	\$38,898	\$38,898
Fund Balance	24,393	0	0	0	24,393
Total fund equity and other credits	24,393	0	0	38,898	63,291
Total liabilities, fund equity and other credits	\$26,093	\$1,133	\$553	\$38,898	\$66,677

The accompanying notes are an integral part of these financial statements.

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

**St. Mary Parish Ward Six Marshal's Cost Fund
For the Year Ended December 31, 1999**

Revenues

Cost assessed	\$34,008
Interest	<u>235</u>
Total Revenues	<u>\$34,243</u>

Expenditures

General Government:

Salary	\$13,800
Payroll taxes	1,127
Insurance	2,527
Automobile	5,127
Professional fees	1,495
Telephone	1,445
Conventions and conferences	3,319
Office	1,204
Miscellaneous	29
Law enforcement supplies	1,806
Dues	765
Uniforms	<u>569</u>
Total general government	<u>\$33,213</u>

Debt service:

Principal retirement	\$3,884
Interest	<u>228</u>
Total debt service	<u>4,112</u>
Total expenditures	<u>37,325</u>

Excess of expenditures over revenues <3,082>

Fund Balance

Beginning of year	<u>27,475</u>
End of year	<u><u>\$24,393</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

St. Mary Parish Ward Six Marshal's Cost Fund

December 31, 1999

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The St. Mary Parish Ward Six Marshal's Cost Fund (Marshal's Cost Fund) accounts for the operations of the Marshal's office in Ward Six of St. Mary Parish. The Marshal's salary is funded by the St. Mary Parish Council and by the City of Morgan City at no cost to the Marshal's Cost Fund.

a. Fund Accounting

The government 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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.

Governmental Fund Type

General Fund

The General Fund is the primary operating fund of the Marshal's office and is used to account for all revenues and expenditures not encompassed within other funds.

Fiduciary Fund Type

Agency Fund

Garnishment Fund - This fund was established to account for garnishments received and disbursed by the Marshal's office.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. 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 one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Revenues

Costs assessed are recorded in the month that the City Court of Morgan City earns the revenues for the Marshal's office.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fixed Assets

General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account groups. All purchased fixed assets are valued at cost.

d. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

e. Total Column on Combined Statement

The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2 -- CASH AND CASH EQUIVALENTS

The Marshal may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Marshal may also invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

Note 2 -- CASH AND CASH EQUIVALENTS (Continued)

Under the provision of the GASB codification, deposits secured by pledged securities, which are not in the name of the governmental unit, are considered uncollateralized (GASB Category 3).

All cash was insured by federal deposit insurance at December 31, 1999.

Note 3 -- CHANGES IN FIXED ASSETS

The following is a summary of changes in general fixed assets during the year:

	Balance January <u>1, 1999</u>	<u>Additions</u>	Balance December <u>31, 1999</u>
Furniture, fixtures and equipment	\$ 2,170	\$ -	\$ 2,170
Automobiles	<u>36,728</u>	<u>-</u>	<u>36,728</u>
Totals	<u>\$38,898</u>	<u>\$ -</u>	<u>\$ 38,898</u>

Note 4 -- LONG-TERM OBLIGATION

In 1996, the Marshal purchased an automobile and signed a promissory note in the amount of \$13,905. This note bears interest of 8.5% which matures on March 5, 2000. At December 31, 1999, the note consists of 2 remaining payments of \$343 which are payable from revenue through the General Fund.

The following is a summary of the changes in long-term obligations of the Marshal's Cost Fund for the year ended December 31, 1999:

Long-term obligations, January 1, 1999	\$ 4,437
Less note payments	<u>3,884</u>
Long-term obligations, December 31, 1999	<u>\$ 553</u>

Note 4 - LONG-TERM OBLIGATION (Continued)

The annual requirements to amortize long-term obligations outstanding at December 31, 1999 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2000	\$ 553	\$ 6
Totals	\$ 553	\$ 6
	=====	=====

Note 5 -- Due from Marshal

During the year ending December 31, 1999, the Marshal received in error \$1,923.00 in mileage fees that should have been deposited into the Cost Fund. The Marshal has agreed to repay the Cost Fund the \$1923.00. (See Compliance finding.)

SUPPLEMENTARY DATA

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-
GARNISHMENT FUND**

St. Mary Parish Ward Six Marshal's Cost Fund

For the Year Ended December 31, 1999

Cash Balance, January 1, 1999	\$952
Receipts	
Transfer from Cost Fund	200
Garnishments received	<u>40,096</u>
 To be accounted for	 \$41,248
 Disbursements	
Garnishments paid	\$37,933
Commissions	1,814
Bank service charge	<u>368</u>
 Total disbursements	 <u>40,115</u>
 Cash Balance, December 31, 1999	 <u><u>\$1,133</u></u>

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ADAMS & JOHNSON

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 729 • 517 WISE STREET

PATTERSON, LOUISIANA 70392

(504) 395-9545

HERBERT J. ADAMS, JR., C.P.A.

WILLIAM H. JOHNSON, III, C.P.A.

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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. Merlin Price, Marshal
St. Mary Parish Ward Six
Marshal's Cost Fund
P.O. Box 1577
Morgan City, LA 70381

We have audited the general purpose financial statements of the St. Mary Parish Ward Six Marshal's Cost Fund, (the Cost Fund), as of and for the year ended December 31, 1999, and have issued our report thereon, dated June 22, 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 Cost Fund's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. *The results of our tests disclosed an instance of noncompliance that are required to be reported under Government Auditing Standards.*

Finding

During the year ending December 31, 1999, the Marshal received approximately \$1,923.00 in mileage fees in accordance with RS: 33:1704 #16. In the past, the Marshal had deposited these mileage fees into the Marshal's Cost Fund in an effort to purchase vehicles & equipment for the Marshal's office and to build up a balance in the Cost Fund. The Marshal's office provides the Marshal with a vehicle, fuel and insurance.

In accordance with RS: 33:1704, Constables and Marshals, except in Orleans Parish, and as provided by RS: 33:1704, shall be entitled to the following fee of office, and no more, in civil matters:

#16: For each mile or fraction thereof, actually and necessarily traveled in going to and returning from the service of any purpose of the court, twenty-one cents. On August 15, 1999, RS: 33:1704 was amended to delete #16 from RS: 33:1704, to avoid the cumbersome responsibility of maintaining a mileage record where not more than one service is made on a trip. To amend the cost on other articles in the bill in the amount of three dollars and fifty cents (\$3.50) to offset the income previously generated from #16, mileage fees.

It is our interpretation that this mileage fee should be paid to the Marshal to reimburse him for his use of his personal vehicle used in providing services for the court. Since he did not use his personal vehicle and the Marshal's office provided him a vehicle, those funds should have been deposited into the Marshal's Cost Fund.

Recommendation

We recommend the Marshal repay the \$1,923.00 in mileage fees to the Marshal's Cost Fund.

Corrective Action

When the Marshal originally took office in May of 1987, the Louisiana City Marshal's Association informed him the mileage fees were for the Marshal. From his first day of office through December 31, 1998, the Marshal deposited these mileage fees into the Marshal's Cost Fund. In January of 1999, the Marshal felt that since he had built up the Marshal's Cost Fund and these mileage fees were due to him that he decided to stop depositing the funds into the Marshal's Cost Fund.

Since this finding, the Marshal has agreed to repay the \$1,923.00 to the Marshal's Cost Fund. This is in an effort to correct his mis-interpretation of the RS: 33:1704 #16 as to the disposition of the mileage fees.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cost Fund'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Cost Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding:

Our examination disclosed that there is very little segregation of duties within the accounting function, as one individual performs most of the accounting functions. This weakness is due to the fact that the Marshal's office employs only one person in the accounting function. Due to the lack of segregation of duties, possible errors or irregularities could occur in the accounting records and not be detected. Understandably, due to the limited number of accounting personnel the most ideal system may not be practicable. Also, the cost of hiring additional employees to handle the accounting function might exceed any benefits gained. In an effort to increase internal control in the accounting function, the Marshal signs checks and reviews all bills prior to payment. In addition, the majority of cash received is from the City Court of Morgan City, Louisiana which maintains records of payments to the Marshal Cost Fund.

Recommendation:

We recommend that the Marshal continue to closely monitor all records and transactions.

Management Response:

Cash receipts for dockets and milcage are from the City Court of Morgan City, Louisiana which maintains supporting documentation for these transactions. All expenditures of the fund are monitored and approved by the Marshall. The Marshal reviews all bills to be paid and signs all checks for disbursements. These activities have been performed for the year ended December 31, 1999 and will continue to be performed in the future.

A material weakness is a condition in which the design of 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. 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 believe the reportable condition described above is not a material weakness.

This report is intended for the information of the management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Adams & Johnson

Adams & Johnson
Certified Public Accountants

Patterson, LA
June 22, 2000