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WARD THREE MARSHAL - CITY COURT OF
LAKE CHARLES, LOUISIANA

ANNUAL FINANCIAL STATEMENTS AND
ACCOUNTANTS' COMPILATION REPORT

Year Ended December 31, 1997

In accordance with law, this report is a public document. A copy of the report has been furnished to the audited, or reviewed, entity and other interested 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 ~~JUL 15 1998~~

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Langley, Williams & Company, L.L.C.

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SEC PRACTICE SECTION
OF AICPA

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

We have compiled the accompanying general purpose financial statements of the Ward Three Marshal – City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 1997, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements, and accordingly, do not express an opinion or any other form of assurance on them.

Langley, Williams & Co., LLC

June 24, 1998

Ward Three Marshal - City Court of Lake Charles

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1997

	Governmental	Account Groups		Totals
	Fund Type	General	Gen. Long-term Debt	(Memo. Only)
	General	Fixed Assets		
ASSETS				
Cash	\$ 41,206	\$ -	\$ -	\$ 41,206
Receivables				
Court fees	7,899	-	-	7,899
Prepaid expenses	6,659	-	-	6,659
Restricted assets				
Cash	28,828			28,828
Fixed assets	-	123,025	-	123,025
Amount to be provided for retirement of general long-term debt	-	-	6,229	6,229
TOTAL ASSETS	\$ 84,592	\$ 123,025	\$ 6,229	\$ 213,846
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 2,948	\$ -	\$ -	\$ 2,948
Accrued liabilities	523	-	-	523
Payable from restricted assets				
Deposits	28,828	-	-	28,828
General obligation bonds	-	-	6,229	6,229
Total liabilities	32,299	-	6,229	38,528
FUND EQUITY				
Investment in general fixed assets	-	123,025	-	123,025
Fund balances				
Unreserved and undesignated	52,293	-	-	52,293
Total fund equity	52,293	123,025	-	175,318
TOTAL LIABILITIES AND FUND EQUITY	\$ 84,592	\$ 123,025	\$ 6,229	\$ 213,846

See accompanying notes and accountants' report.

Ward Three Marshal - City Court of Lake Charles

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

For the Year Ended December 31, 1997

REVENUES	1997
Court fees	\$ 160,260
Bond income	25,000
Miscellaneous	7,614
	<u>192,874</u>
EXPENDITURES	
Current operating	
Advertisement	1,491
Automobile	2,141
Contract labor	1,965
Civic work	1,898
Dues and subscriptions	1,476
Equipment repair	5,264
Fuel	3,427
Law enforcement supplies	16,353
Meals	3,223
Meetings and conventions	1,454
Miscellaneous	2,363
Office supplies	13,989
Payroll taxes	8,827
Telephone	1,690
Wages	62,359
Debt service	
Principal retirement of long-term debt	8,591
Interest	1,018
Capital outlay	9,632
Total expenditures	<u>147,161</u>
EXCESS OF REVENUES OVER EXPENDITURES	45,713
Fund balance at beginning of year	<u>6,580</u>
Fund balance at end of year	<u><u>\$ 52,293</u></u>

See accompanying notes and accountants' report.

Ward Three Marshal – City Court of Lake Charles

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Ward Three Marshal – City Court of Lake Charles 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

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Ward Three Marshal – City Court of Lake Charles includes all funds, account groups, et cetera, that are within the oversight responsibility of the Ward Three Marshal – City Court of Lake Charles.

As the governing authority, for reporting purposes, the City of Lake Charles, Louisiana is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statements No. 14 established criteria for determining which component units should be considered part of the City of Lake Charles, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set fourth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City of Lake Charles, Louisiana to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City of Lake Charles, Louisiana.
2. Organizations for which the City of Lake Charles, Louisiana does not appoint a voting majority but are fiscally dependent on the City of Lake Charles, Louisiana.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Ward Three Marshal – City Court of Lake Charles, is a component unit of the City of Lake Charles, LA's reporting entity.

Ward Three Marshal – City Court of Lake Charles

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

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

2. Fund Accounting

The Ward Three Marshal – City Court of Lake Charles 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 expandable financial resources.

The following funds and group of accounts are use by the Marshal:

Governmental Fund:

The Governmental Fund accounts for all of the Ward Three Marshal's general activities. The Governmental Fund includes:

1. General Fund – The General operating fund of the Ward Three Marshal. All financial resources are accounted for in the General Fund.

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:

The general long-term debt account group accounts for long-term liabilities to be financed from governmental fund proceeds.

3. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resource 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.

Ward Three Marshal – City Court of Lake Charles

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

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

3. Basis of Accounting (Continued)

The modified accrual basis of accounting is used by all governmental fund types. Under this *modified accrual basis of accounting*, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means that the amount of the transaction can be determined, and “available” means that the amount of the transaction is 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 government fund type 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 or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

4. 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 organized 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1997, the Marshal has \$70,468 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

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, 1997.

5. Total Columns

Total columns on the Combined 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.

Ward Three Marshal – City Court of Lake Charles

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

NOTE B – CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance Jan. 1, 1997</u>	<u>Additions</u>	<u>Balance Dec. 31, 1997</u>
Automobiles	\$ 52,376	\$ -	\$ 52,376
Furniture and fixtures	19,984	-	19,984
Radio equipment	33,997	1,000	34,997
Equipment	<u>7,035</u>	<u>8,633</u>	<u>15,668</u>
	<u>\$ 113,392</u>	<u>\$ 9,633</u>	<u>\$ 123,025</u>

NOTE C – LONG-TERM DEBT

The following is a summary of the debt transactions for the year ended December 31, 1997:

<u>Balance Dec 31, 1996</u>	<u>Issued</u>	<u>Payments</u>	<u>Balance Dec. 31, 1997</u>
<u>\$ 14,820</u>	<u>\$ -</u>	<u>\$ 8,591</u>	<u>\$ 6,229</u>

General long-term debt is being financed from general fund revenues.

General long-term debt payable at December 31, 1997 is comprised of the following individual issue:

Premier Bank, Lake Charles, Louisiana Note dated August, 1995 payable in monthly payments of \$805 with interest at 9.25% to August, 1998; collateral of two automobiles	<u>\$ 6,229</u>
---	-----------------

The annual requirements to amortize all debt outstanding as of December 31, 1997 are as follows:

<u>December 31,</u>	
1998	<u>\$ 6,229</u>

Ward Three Marshal – City Court of Lake Charles

NOTES TO FINANCIAL STATEMENTS

December 31, 1997

NOTE D – RESTRICTED ASSETS

The Marshal's office has the responsibility as custodian of the cash bond and garnishment funds of the City of Lake Charles. The cash balances of these two funds consisted of the following:

Garnishment	\$ 20,397
Bonds	<u>8,431</u>
	<u>\$ 28,828</u>



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OF AICPA

Independent Accountants' Report on Applying Agreed-Upon Procedures

Mr. Tony Mancuso, Marshal
Ward Three Marshal – City Court
of Lake Charles
Lake Charles, LA 70605

We have performed the procedures below, which were agreed to by you and the Louisiana Legislative Auditor, solely to assist you and the Legislative Auditor in evaluating the accompanying *Louisiana Attestation Questionnaire* (prepared in accordance with the criteria specified therein) for the year ended December 31, 1997. This agreed upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

The agreed upon procedures that were performed and the related findings are as follows:

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251.

We found that the Marshal had no purchases that were within the preceding description.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interest of all board members and employees, as well as their immediate families.

There are no board members for the City Marshal. We were provided with requested information on the Marshal and his employees.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the requested list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (#3) appeared on the list provided by management in agreed-upon procedures (#2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The Marshal is not required to legally adopt a budget and did not adopt a budget for the year ended December 31, 1997.

6. Trace the budget adoption and amendments to the minute book.

Same as #5.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds.)

Same as #5.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined six disbursements selected randomly and found that they were for the proper amount and payee, were properly coded and were properly approved.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

No such meetings were held during the year that would meet the requirements of the open meeting laws.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We examined deposits for the period and determined none to appear as proceeds of loans or other indebtedness.

Mr. Tony Mancuso, Marshal
Ward Three Marshal – City Court
Page 3

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

Review of the payroll records indicated no instances of bonuses, advances, or gifts.

The prior year report, dated March 3, 1997, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of such an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the use of the Ward Three Marshal and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Langley, William & Co., LLC

June 24, 1998

**MR. TONY MANCUSO, MARSHAL
WARD THREE MARSHAL
CITY COURT OF LAKE CHARLES
LAKE CHARLES, LA 70605**

June 24, 1998

Langley, Williams & Company, L.L.C.
205 W. College Street
Lake Charles, LA 70605-1625

In connection with your compilation of our financial statements as of December 31, 1997 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 24, 1998.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics of Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loans, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Langley, Williams & Company, L.L.C.

June 24, 1998

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Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of the LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or complied in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

Langley, Williams & Company, L.L.C.


June 24, 1998

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We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Sincerely,



Marshall

6-24-98

Date

Ward Three Marshal – City Court of Lake Charles

CORRECTIVE ACTION PLAN

December 31, 1997

There were no findings and questioned costs in the current or prior year financial statements.