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MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1996

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Release Date DEC 11 1996

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

Honorable Joshua McDaniel, Sr., City Marshal
The City Court of the City of Franklin, Louisiana
Franklin, Louisiana

We have audited the accompanying general purpose financial statements and the combining and account group financial statements of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, a component unit of the City of Franklin, as of and for the year ended June 30, 1996. These financial statements are the responsibility of the Marshal's Fund'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 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 general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the combining funds and account groups of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, as of June 30, 1996, and the results of operations of such funds for the year then ended in conformity with generally accepted accounting principles.

Guidry & Chauvin
Certified Public Accountants

Franklin, Louisiana
August 19, 1996

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

COMBINED BALANCE SHEET -- GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP
June 30, 1996

	<u>Governmental Fund Type</u>	<u>Account Group</u>	<u>Totals</u>	
	<u>Marshal's Fund</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>	
			<u>1996</u>	<u>1995</u>
ASSETS				
Cash	\$ 7,033	\$ -	\$ 7,033	\$ 3,130
Due from other governmental units	7,293	-	7,293	2,370
Fixed assets	<u>-</u>	<u>7,028</u>	<u>7,028</u>	<u>7,028</u>
TOTAL ASSETS	<u>\$ 14,326</u>	<u>\$ 7,028</u>	<u>\$ 21,354</u>	<u>\$ 12,528</u>
 LIABILITIES AND FUND EQUITY				
Liabilities				
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Fund Equity				
Investment in general fixed assets	-	7,028	7,028	7,028
Fund balance	<u>14,326</u>	<u>-</u>	<u>14,326</u>	<u>5,500</u>
Total Fund Equity	<u>14,326</u>	<u>7,028</u>	<u>21,354</u>	<u>12,528</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 14,326</u>	<u>\$ 7,028</u>	<u>\$ 21,354</u>	<u>\$ 12,528</u>

Subject to the comments contained in the Independent Auditors' report
and notes to financial statements which are an integral part hereof

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE
For the Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUES:		
Charges for services:		
Court cost	\$ 15,854	\$ 6,679
Marshal's fees	<u>5,522</u>	<u>2,058</u>
TOTAL REVENUES	<u>21,376</u>	<u>8,737</u>
EXPENDITURES:		
Current:		
General and administrative:		
Telephone	704	740
Office expense	1,076	537
Automobile expense	1,414	3,419
Travel	1,145	1,107
Insurance	1,448	461
Fees	1,408	1,252
Office salaries	4,900	900
Miscellaneous	80	68
Payroll taxes	375	69
Capital outlay	-	-
TOTAL EXPENDITURES	<u>12,550</u>	<u>8,553</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,826	184
FUND BALANCE, BEGINNING	<u>5,500</u>	<u>5,316</u>
FUND BALANCE, ENDING	<u>\$ 14,326</u>	<u>\$ 5,500</u>

Subject to the comments contained in the Independent Auditors' report
and notes to financial statements which are an integral part hereof

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
June 30, 1996

INTRODUCTION

On September 1, 1968, R.S. Chapter 7 Section 2488.1 established and created the City Court of the Town of Franklin. The territorial jurisdiction of which shall extend throughout the town of Franklin, Louisiana and throughout the whole of Ward Three of St. Mary Parish. The court is composed of a city judge, a marshal and a clerk of said court. The office of marshal is elected for a six year term.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying component unit financial statements of the Marshal's Fund of the City Court of the City of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the city, for reporting purposes, the City of Franklin 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 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 Statement No. 14 established criteria for determining which component units should be considered part of the City of Franklin for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations's governing body, and
 - a. the ability of the City 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.

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1996

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City of Franklin provides office space to the Marshal and the significance of the relationship between the Marshall and the City, the Marshal was determined to be a component unit of the City of Franklin, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the City, the general government services provided by that governmental unit, or the other government units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The accounts of the Marshal's Fund are organized on the basis of funds and the account groups, each of which is considered a separate entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for in individual funds based upon the purposes 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 in this report, into one generic fund type and one broad fund category as follows:

GOVERNMENTAL FUNDS

Marshal's Fund - The Marshal's Fund is used to account for the deposit from the City Court Fund of a prescribed ten dollar fee charged defendants convicted of violations as an additional cost of the court used to defray expenses of the Marshal's office. All related activities are accounted for in this fund.

D. BASIS OF ACCOUNTING

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Purchases of various operating supplies are regarded as expenditures at payment.

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1996

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. 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.

F. FIXED ASSETS

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. 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. No depreciation has been provided on general fixed assets.

G. COMPARATIVE 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 Fund financial position and operations.

H. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: CASH AND CASH EQUIVALENTS

At June 30, 1996, the Marshal has cash and cash equivalents (book balances) totaling \$7,033 as follows:

Time Deposits	<u>\$7,033</u>
Total	<u>\$7,033</u>

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 1996

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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 June 30, 1996, the Marshal has \$7,107 in deposits (collected bank balances). These deposits are secured from risk by \$7,107 of federal deposit insurance.

NOTE 3: CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1996</u>
Equipment - Marshal's Fund	\$ 7,028	\$ -	\$ -	\$ 7,028
Total fixed assets	<u>\$ 7,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,028</u>

NOTE 4: DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units of \$7,293 at June 30, 1996, consists of court costs and fees, which were due from the City Court of the City of Franklin.

FINANCIAL STATEMENTS
OF THE ACCOUNT GROUP

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
GENERAL FIXED ASSETS:		
Equipment	<u>\$ 7,028</u>	<u>\$ 7,028</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 7,028</u>	<u>\$ 7,028</u>
INVESTMENT IN GENERAL FIXED ASSETS:		
Marshal's Fund	<u>\$ 7,028</u>	<u>\$ 7,028</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 7,028</u>	<u>\$ 7,028</u>

Subject to the comments contained in the Independent Auditors' report
and notes to financial statements which are an integral part hereof

MARSHAL'S FUND OF THE CITY COURT
OF THE CITY OF FRANKLIN, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Years Ended June 30, 1996

General Fixed Assets, Beginning of Year	\$ 7,028
Additions	-
Deletions	<u>-</u>
General Fixed Assets, End of Year	<u>\$ 7,028</u>

Subject to the comments contained in the Independent Auditors' report
and notes to financial statements which are an integral part hereof

INDEPENDENT AUDITOR'S REPORTS REQUIRED
BY GOVERNMENT AUDITING STANDARDS

The following independent auditor's reports on compliance and internal control are presented in compliance with the requirements of Government Auditing Standards (Standards for Audit of Governmental Organizations, Programs, Activities, and Functions), issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Joshua McDaniel, Sr., Marshal
The City Court of the City of Franklin, Louisiana
Franklin, Louisiana

We have audited the general purpose component unit financial statements of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, a component unit of the City of Franklin, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 19, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Marshal's Fund of the City Court of the City of Franklin, Louisiana is the responsibility of the Marshal's Fund management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Marshal's Fund compliance with certain provisions of laws and regulations. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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

Guidry & Chauvin

Certified Public Accountants

Franklin, Louisiana
August 19, 1996

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Joshua McDaniel, Sr., City Marshal
The City Court of the City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, a component unit of the City of Franklin, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 19, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Marshal's Fund of the City Court of the City of Franklin is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose unit financial statements of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the City Court of the City of Franklin did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matter involving the internal control structure and its operation that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Marshal's Fund of the City Court of the City of Franklin, Louisiana, for the year ended June 30, 1996.

Material Weakness

We consider the above reportable condition concerning segregation of duties to be a material weakness.

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

Guidry & Chauvin

Certified Public Accountants

Franklin, Louisiana
August 19, 1996