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**INDEPENDENT AUDITORS' REPORT ON  
THE FINANCIAL STATEMENTS  
OF  
WARD FOUR MARSHAL  
SULPHUR, LOUISIANA  
JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Bator Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-16-05

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## **Management's Discussion and Analysis**

Management's discussion and analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Ward Four Marshal's office based on currently known facts, decisions, or conditions.

The basic financial statements include government-wide and government fund statements. The government-wide Statement of Net Assets and Statement of Activities present information for all the activities of the Marshal's office from an economic resources measurement focus using the accrual basis of accounting. Primarily for our office the difference between these statements and Governmental Funds statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the Governmental Funds statements.

The Marshal's office at June 30, 2004, had \$188,101 in cash on hand and net capital assets of \$39,107 with total assets being \$237,766. The office had unrestricted net assets of \$154,299. This office is debt free other than normal trade payables.

The charge for services from fines was \$127,960, an increase of \$25,149 over the prior year. These charges are directly related to the fees assessed by the Sulphur City Court. The Marshal's office also received a grant of \$3,941 from the Calcasieu Parish Police Jury for the purchase of new computers. Total expenses were \$116,698, which is a decrease of \$9,928 from the prior year. The major reason for the decrease in expenses was \$8,995 less expended for capital outlay from the previous year. Investment earnings decreased as a result of lower interest rates to \$493. Net assets increased for the year by \$19,468 to \$193,406.

One additional vehicle was added during the year for use in the field at a cost of \$11,158. New computers were purchased with the funds received from the Calcasieu Parish Police Jury at a cost of \$3,224, with an additional \$2,853 expended for repairs and wiring. For the up coming fiscal year, the office has budgeted an additional \$7754 in salaries and does not anticipate any other major changes in operating expenses. The Marshal anticipates capital outlay in the amount of \$15,000 for the purchase of a new vehicle.

Overall the office remains fiscally strong and consistently operates at a surplus.

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**INDEPENDENT AUDITORS' REPORT**

Honorable Billy Guidry  
Ward Four Marshal  
Sulphur, Louisiana

We have audited the accompanying financial statements of Ward Four Marshal, Sulphur, Louisiana, a component unit of the City of Sulphur, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of Ward Four Marshal, Sulphur, Louisiana, a component unit of the City of Sulphur's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 component unit financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Ward Four Marshal as of June 30, 2004 and the changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, the Marshal adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. This results in a change in the format and content of the financial statements as of June 30, 2004.

The Management's Discussion and Analysis on page 1 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Members

American Institute of Certified Public Accountants  
Louisiana Society of Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2004, on our consideration of Ward Four Marshal, Sulphur, Louisiana, a component unit of the City of Sulphur's internal control structure and compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs, LLC

*McMullen and Mancuso, CPAs*

December 17, 2004

**WARD FOUR MARSHAL**  
 Sulphur, Louisiana,  
 a component unit of  
 the City of Sulphur

Statement of Net Assets and  
 Governmental Fund Balance Sheet  
 As of June 30, 2004

	<u>General Fund</u>	<u>Adjustments Note B</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash (Note A-7)	\$ 188,101	\$ -	\$ 188,101
Receivable - Marshal Fees		10,558	10,558
Capital Assets, net of Accumulated Depreciation (Note B)	<u>-</u>	<u>39,107</u>	<u>39,107</u>
<b>Total Assets</b>	<b>\$ <u>188,101</u></b>	<b>49,665</b>	<b>\$ <u>237,766</u></b>
<b>Liabilities:</b>			
Garnishments and Seizures Payable	\$ -	-	\$ -
Due to Agency Fund	291	-	291
Accrued Expenses	<u>44,069</u>	<u>-</u>	<u>44,069</u>
<b>Total Liabilities</b>	<b>44,360</b>	<b>-</b>	<b>44,360</b>
<b>Fund Balance/Net Assets</b>			
Fund Balances - Unreserved	<u>143,741</u>	(143,741)	-
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>188,101</u></b>		
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt		39,107	39,107
Unrestricted		<u>154,299</u>	<u>154,299</u>
<b>Total Net Assets</b>		<b>\$ <u>193,406</u></b>	<b>\$ <u>193,406</u></b>

"The accompanying notes are an integral part of this statement."

**WARD FOUR MARSHAL**  
Sulphur, Louisiana,  
a component unit of  
the City of Sulphur

Statement of Activities and  
Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2004

	<u>General Fund</u>	<u>Adjustments Note B</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Marshal Charge for services from fines	\$ 130,671	\$ (2,711)	\$ 127,960
Calcasieu Parish Police Jury - Computer Grant	3,941		3,941
Charges for Services - Eviction Fees	90		90
Interest Revenue	<u>1,175</u>		<u>1,175</u>
Total Revenues	135,877	(2,711)	133,166
<b>Expenditures/Expenses:</b>			
<b>Court Services:</b>			
Capital Outlay	14,382	(14,382)	-
Cleaning and Maintenance	1,200		1,200
Communication	2,503		2,503
Depreciation	-	9,270	9,270
Dues and Subscriptions	430		430
Equipment Maintenance and Repair	3,214		3,214
Insurance	700		700
Legal Library	207		207
Miscellaneous	976		976
Office Supplies	1,312		1,312
Postage	452		452
Printing and Reproduction	526		526
Professional	2,950		2,950
Salaries and Contract Labor	83,246		83,246
Supplies	143		143
Travel	498		498
Uniforms	542		542
Vehicle Expense	<u>8,529</u>		<u>8,529</u>
Total Expenditures/Expenses	<u>121,810</u>	<u>(5,112)</u>	<u>116,698</u>
Excess (Deficiency) of Revenues over (under) expenditures before Special Items	14,067	2,401	
<b>Special Items:</b>			
Gain on Sale of Vehicle		3,000	3,000
Proceeds from Sale of Vehicle	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues over (under) expenditures before Special Items	17,067		
Change in Net Assets			19,468
Fund Balance/Net Assets, July 1, 2003	<u>126,674</u>	<u>47,264</u>	<u>173,938</u>
Fund Balance/Net Assets, June 30, 2004	<u>\$ 143,741</u>	<u>\$ 49,665</u>	<u>\$ 193,406</u>

"The accompanying notes are an integral part of this statement."

**WARD FOUR MARSHAL**  
Sulphur, Louisiana,  
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the City of Sulphur

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Statement of Fiduciary Net Assets  
As of June 30, 2004

	<u>Agency Fund</u>
<b>Assets and Other Debits</b>	
<b>Assets:</b>	
Cash (Note A-7)	\$ 4,259
Due from General Fund	<u>291</u>
<b>Total Assets</b>	<u>\$ 4,550</u>
<b>Liabilities:</b>	
Garnishments and Seizures Payable	<u>\$ 4,550</u>
<b>Total Liabilities</b>	<u>\$ 4,550</u>

"The accompanying notes are an integral part of this statement."



**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
a component unit of the  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies**

**1. Basis of Presentation**

The accompanying financial statements of the Ward Four Marshal have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Encumbrance accounting is not used by the City Marshal. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana revises Statutes 24:514 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the AICPA Industry Audit Guide, *Audits of State and Local Governmental Units*. The City Marshal has implemented GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments."

**2. Reporting Entity**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) 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 Codification Section 2100, the City Marshal's office includes all funds that are within the oversight responsibility of the City Marshal's office. The City Marshal's office is a component unity of the City of Sulphur, Louisiana. The City Marshal's office is the executive officer of the court and, in execution of his duties; he shall have the power of a Sheriff. This report includes all funds and account groups which are controlled by or dependent on the City Marshal's office. Control by or dependence on the City Marshal's Office was determined on the basis of authority of general oversight responsibility. The scope of this audit includes only these funds and does not include operational costs paid directly by the City of Sulphur or the Calcasieu Parish Police Jury on behalf of the City Marshal.

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
a component unit of the  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

**3. Government-Wide Accounting**

In accordance with Governmental Accounting Standards No. 34, the City Marshal has presented a Statement of Net Assets and Statement of Activities. These statements are included in the primary government's financial statements, The City of Sulphur. The City Marshal has no component units. Fiduciary funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to Statement of Net Assets and Statement of Activities are as follows:

**Application of FASB Statement and Interpretations**

Reporting on governmental-type activities are based on FASB Statements and interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Capitalizing Assets**

Tangible and/or intangible assets are used in operations with an initial useful life that extends beyond one year are capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets. The Marshal's office does not own any infrastructure assets.

**4. Fund Accounting**

The City Marshal's Office uses funds 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 certain transactions relating to certain government functions or activities.

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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the City Marshal's office are classified as governmental funds. Governmental funds account for the City Marshal's Office's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the City Marshal's Office include:

**Governmental Funds:**

**General Fund**

A Special Marshal's Fund is the Fund provided to City Marshal's under Louisiana Statutes Annotated – Revised Statute 13:1899 the name of and under the control of the Marshal to be used to defray the operational expenses of the Marshal's office. The fund is to be used to account for all financial resources provided it as established by the above authority.

**Fiduciary Fund:**

Agency Fund – Agency Funds are used to account for the assets held by the Ward Four Marshal in a trustee capacity or as an agent for individuals, other funds and/or other governments. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**5. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation. The Statement of Net Assets and Statement of Activities are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type activities are included in the Statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in the fund.

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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

Governmental funds reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements present increases (i.e., revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Expenditures for capital assets are reported as current expense, and such assets are not depreciated.

**6. Budgets and Budgetary Accounting**

The City Marshal follows these procedures in establishing the budgetary data reflected in the financial statements.

Budgetary data for the general fund was prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliation between legally enacted basis and GAAP basis is required. The Marshal's office performs only a custodial function in the case of agency funds and therefore a budget for these funds is not appropriate.

In the event that the City Marshal was to have encumbrances or commitments relating to executory contracts for goods or services, they would be accounted for and reported consistently.

**7. Cash and Cash Equivalents and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under the laws of the United States

Under state law, the Marshal may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

The collected bank balances of the deposits under control of the Marshal's office with financial institutions was \$203,391 and is collateralized as follows:

Amount insured by the FDIC	\$ 100,000
Amount collateralized with securities, held by pledging financial institution's trust department in Marshal's office name (Category 2, GASB Statement No. 3)	<u>103,391</u>
Total collateral	\$ <u><u>203,391</u></u>

**8. Budget Practice**

The budget was authorized by the Marshal and made available for public inspection at the Marshal's office. The budget was prepared in accordance with generally accepted accounting principles as applicable to governments. The budget is legally adopted and amended, as necessary, by the Marshal. No amendments were made to the budget in the year.

Formal budget integration is not employed as management control device. Budget amounts included in the accompanying financial statements included the original adopted budget.

**9. Capital Assets**

The Marshal's capital assets are recorded at historical cost. Assets whose value is less than \$250 are charged to expense and not capitalized. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

Leasehold Improvements	20 years	Vehicles	3 years
Communication	5-15 years	Computers	5 years
Other Equipment	15 years	Weapons	5 years

**10. Compensated Absences**

The Marshal does not accrue compensated absences, as their policy does not allow for carry over privileges for unused accrued leave between years.

**11. 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.

**12. Net Asset/Fund Balances**

In the Statement of Net Assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

**Invested in capital assets, net of related debt**

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvements of capital assets.

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note A – Summary of Significant Accounting Policies (continued)**

**Restricted net assets**

Net assets that are restricted by external sources such as banks or by law are reported separately as restricted assets. When assets are required to be retained in perpetuity, these non-expendable net assets are recorded separately from expendable net assets. These are components or restricted assets.

**Unrestricted net assets**

This category represents net assets not appropriate for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

**Reserved**

These resources are segregated because their use is earmarked for a specific use.

**Unreserved**

This category represents that portion of equity not appropriate for expenditures or legally separated to a specific future use.

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 Sulphur, Louisiana  
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**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2004

**Note B – Capital Assets**

The following is a summary of changes in capital assets for the year ended June 30, 2004.

<u>Cost</u>	<u>July 1, 2003</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2004</u>
Vehicles	\$ 105,290	\$ 11,158	\$ 14,985	\$ 101,463
Gun Inventory	1,427	-	60	1,367
Office furniture and equipment	13,901	3,224	1,680	15,445
Leasehold Improvements	1,265	-	-	1,265
Totals	<u>121,883</u>	<u>14,382</u>	<u>16,725</u>	<u>119,540</u>
 <b><u>Accumulated Depreciation</u></b>				
Vehicles	73,816	8,586	14,985	67,417
Gun Inventory	1,427	-	60	1,367
Office furniture and equipment	12,108	620	1,680	11,048
Leasehold Improvements	538	63	-	601
Totals	<u>87,889</u>	<u>9,269</u>	<u>16,725</u>	<u>80,433</u>
 Net Capital Assets	 <u>\$ 33,994</u>	 <u>\$ 5,113</u>	 <u>\$ -</u>	 <u>\$ 39,107</u>



**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
a component unit of the  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note C – Risk Management**

The Marshal's office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The City of Sulphur has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the Marshal's insurance coverage.

**Note D – On-Behalf Payments for Fringe Benefits and Salaries**

The Calcasieu Parish Police Jury pays a portion of the Marshal's fringe and salaries, which are not included in the accompanying financial statements. The total paid by the police jury on behalf of the Marshal's office was \$76,095.

**WARD FOUR MARSHAL**  
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**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2004

**Note E - Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Assets and that of Statement of Revenues, Expenditures, and Changes in the Fund Balance of Governmental Funds to the Statement of Net Assets**

Total fund balance - total governmental funds	\$	143,741
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Receivable accrued for Marshal fees		10,558
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet		<u>39,107</u>
Total net assets of governmental activities	\$	<u>193,406</u>
Net change in fund balance - total governmental funds	\$	17,067
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report revenue when they are received; however, the Statement of Net Assets records revenues when they are earned.		(2,711)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay charge exceeded depreciation in the current period.		<u>5,112</u>
Changes in net assets of governmental activities	\$	<u>19,468</u>

**WARD FOUR MARSHAL**

Sulphur, Louisiana,  
a component unit of  
the City of Sulphur

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2004

	Original/Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>			
Marshal Charge for services from fines	\$ 130,000	\$ 130,671	\$ 671
Calcasieu Parish Police Jury - Computer Grant	-	3,941	3,941
Charges for Services - Eviction Fees	-	90	90
Interest Revenue	1,000	1,175	175
<b>Total Revenues</b>	<b>131,000</b>	<b>135,877</b>	<b>4,877</b>
<b>Expenditures/Expenses:</b>			
<b>Court Services:</b>			
Capital Outlay	12,000	14,382	(2,382)
Cleaning and Maintenance	1,200	1,200	-
Communication	2,750	2,503	247
Dues and Subscriptions	585	430	155
Equipment Maintenance and Repair	3,600	3,214	386
Insurance	700	700	-
Legal Library	-	207	(207)
Miscellaneous	2,900	976	1,924
Office Supplies	-	1,312	(1,312)
Postage	450	452	(2)
Printing and Reproduction	400	526	(126)
Professional	2,950	2,950	-
Salaries and Contract Labor	80,000	83,246	(3,246)
Supplies	-	143	(143)
Travel	-	498	(498)
Uniforms	500	542	(42)
Vehicle Expense	8,800	8,529	271
<b>Total Expenditures/Expenses</b>	<b>116,835</b>	<b>121,810</b>	<b>(4,975)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 14,165</b>	<b>\$ 14,067</b>	<b>\$ (98)</b>

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

Ward Four Marshal  
Sulphur, Louisiana

We have audited the financial statements of Ward Four Marshal, a component unit of the City of Sulphur, as of and for the year ended June 30, 2004, and have issued our report thereon dated December 17, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

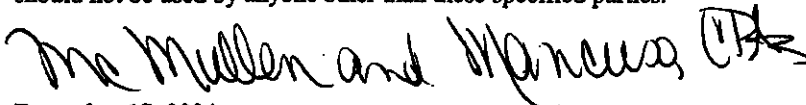
Compliance

As part of obtaining reasonable assurance about whether Ward Four Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ward Four Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we reported to the Ward Four Marshal, Sulphur, Louisiana, in a separate letter dated December 17, 2004.

This report is intended solely for the information and use of the Ward Four Marshal, management, others within the organization, City Council, and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

  
December 17, 2004

Members  
American Institute of Certified Public Accountants  
Louisiana Society of Certified Public Accountants

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
a component unit of the  
City of Sulphur

**Schedule of Findings and Questioned Costs**  
For the Year Ended June 30, 2004

We have audited the financial statements of Ward Four Marshal as of and for the year ended June 30, 2004 and have issued our report thereon dated December 17, 2004. 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. Our audit of the financial statements as of June 30, 2004 resulted in an unqualified opinion.

**Section I Summary of Auditors' Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

**Internal Control**

Material Weaknesses \_\_\_ Yes X No Reportable Conditions \_\_\_ Yes X No

**Compliance**

Compliance Material to Financial Statements \_\_\_ Yes X No

b. Federal Awards

Not Applicable

**Section II Financial Statement Findings**

There were no current year findings

**Section III Federal Award Findings and Questioned Costs**

Not Applicable

**WARD FOUR MARSHAL**  
Sulphur, Louisiana  
a component unit of the  
City of Sulphur

**Schedule of Prior Year Findings**  
For the Year Ended June 30, 2004

<b>Section I Internal Control and Compliance Material to the Financial Statements</b>	
Not Applicable	
<b>Section II Internal Control and Compliance Material to Federal Awards</b>	
Not Applicable	
<b>Section III Management Letter</b>	
No management letter was issued.	

*McMullen and Mancuso*  
*Certified Public Accountants, LLC*  
P.O. Box 202

*Lisa F. McMullen, CPA*  
*Pamela C. Mancuso, CPA*

3600 Maplewood Drive  
Sulphur, Louisiana 70663

Telephone (337) 625-5054  
Fax (337) 625-5849

**Management Letter**

December 17, 2004

Ward Four Marshal  
Sulphur, Louisiana

In planning and performing our audit of the financial statements of Ward Four Marshal's Office for the year ended June 30, 2004, we considered the Office's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

Our consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weakness under standards established by the American Institute of Certified Public Accountants. 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 caused by error or fraud 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. However, we noted no matters involving the internal control and its operation that we consider to be material weakness as defined above.

However, during our audit we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning those matters. We previously reported on the office's internal control in our report dated December 17, 2004. This letter does not affect our report dated December 17, 2004, on the financial statements of the Ward Four Marshal's Office.

**2004-01 Store Backup Computer Files Off Site**

During our audit, we noticed that backup files of the IT system were stored on site. One of the main reasons for creating backup files is to be able to recover information in the event of a disaster, such as fire or water damage. Storing backup files on site negates that purpose. An effective method for storage of backup files may be through the use of three computer tapes. Rotation of the three tapes would ensure that backup information would be available in the event of disk failure.

*Members*

*American Institute of Certified Public Accountants*  
*Louisiana Society of Certified Public Accountants*

#### **2004-02 Compare Budget to Actual Results**

The Marshal's Office prepares budgets prepared regularly, but it appears that they are not regularly reviewed and compared to actual results. Unless budgets are for motivational purposes only, they are not useful if they are not compared to actual results. We believe that the actual result of operations should be compared to the budgeted amounts monthly, and any large discrepancies should be investigated and explained so that any necessary corrective action can be considered. The accounting program currently being utilized by the Marshal's office does provide for budget reporting. These analyses should be included in the monthly reports to the Marshal to help him understand the financial results and their implications and to help him make informed decisions.

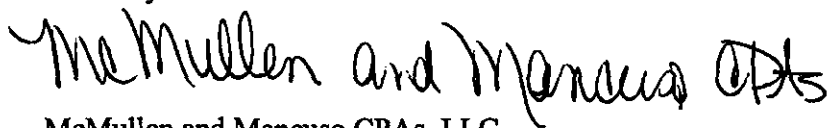
#### **2004-03 Segregate Cash Receipts Duties**

In order to better control mail receipts, we recommend that a list be prepared of mail receipts by an employee not otherwise handling cash. Entries on the mail receipt listing should be subsequently traced, on a test basis, to the receipted deposit slips. The tracing should be performed by the person preparing the listing or by someone not otherwise handling or recording cash transactions. Any exceptions found should be reviewed by the manager.

The preceding comments and recommendations are intended solely for the information and use of the Marshal and others within the office and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various office personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you implementing the recommendations.

Sincerely

  
McMullen and Mancuso CPAs, LLC



## MANAGEMENT'S CORRECTIVE ACTION PLAN

Ward Four Marshal  
Sulphur, Louisiana

To the following oversight agencies for audit:

State: Legislative Auditor of the State of Louisiana

Ward Four Marshal, Sulphur, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2004.

Name and address of independent public accounting firm: McMullen and Mancuso, CPAs, 3600 Maplewood Drive; Sulphur, LA, 70663.

Audit period: For the year ended June 30, 2004.

The findings from the June 30, 2004 schedule of findings and questioned costs and management letter are discussed below.

### **Internal Control and Compliance Deficiencies Material to The Financial Statements**

There were no findings reported.

### **Internal Control and Compliance Deficiencies Material to Federal Awards**

There were no findings reported.

### **Management Letter**

#### Internal Controls

Finding 2004-01: Off-site Storage of Backup Computer Files

Management's Response: We concur with the finding and will require a staff member to remove a backup tape for off-site storage either daily or weekly.

Finding 2004-02: Compare Budget to Actual Results

Management's Response: We concur with this finding and will utilize our Quickbooks accounting program to implement the auditors' recommendations.

**Finding 2004-03: Segregate Cash Receipts Duties**

**Management's Response:** We have a different employee who does not otherwise handle cash opening the mail now. We will have that employee maintain a listing of mail receipts.

If you have any questions regarding this corrective action plan, please call Billy Guidry, the Ward Four Marshal, at (337) 527-5110.