

Monroe City Marshal
Monroe, Louisiana

Basic Financial Statements With Independent Auditors' Report
As of and for the Year Ended April 30, 2019



**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

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**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

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Independent Auditors' Report

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Monroe City Marshal, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the Monroe City Marshal's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 *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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Monroe City Marshal as of April 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe City Marshal's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits and other payments to agency head on Page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mr. Wince Highshaw,
Monroe City Marshal
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2019, on our consideration of Monroe City Marshal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe City Marshal's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 11, 2019

Management's Discussion and Analysis

**MONROE CITY MARSHAL
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

Our discussion and analysis of the Monroe City Marshal's financial performance provides an overview for the Marshal's financial activities for the fiscal year ended April 30, 2019. Please read it in conjunction with the Marshal's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The Marshal's net position increased by \$3,548 from 2018 to 2019.

The Marshal's total program revenues were \$192,558 in 2019 compared to \$210,201 in 2018, a decrease of \$17,643.

During the year ended April 30, 2019, the Marshal had total expenses, excluding depreciation, of \$1,322,447.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Marshal's Office as a whole. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Marshal's most significant funds. The remaining statements provide financial information about activities for which the Marshal acts solely as a trustee or agent for the benefit of those outside of the Marshal. The Marshal is an independently elected official. However, the Marshal is fiscally dependent on the City of Monroe for office space and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the Marshal is fiscally dependent on the City of Monroe, the Marshal was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the Marshal.

Reporting the Funds Maintained by the Marshal as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the Marshal as a whole begins on page 6. One of the most important questions asked about the Marshal's finances is "Is the Marshal as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities on pages 9 and 10 - 11, respectively, report information about the funds maintained by the Marshal as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities (Continued)

These two statements report the Marshal's net position and changes in them. You can think of the Marshal's net position - the difference between assets and liabilities - as one way to measure the Marshal's financial health or financial position. Over time, increases or decreases in the Marshal's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Marshal's governmental activities, which is described as follows:

Governmental activities - all of the expenses paid from the funds maintained by the Marshal are reported here which consists primarily of salaries and related benefits, capital outlay, certain materials and supplies, communication services, repairs and maintenance, and other program services. Fees for services (court costs and service returns), bond forfeitures, and on-behalf payments from the City of Monroe finance most of these activities.

Reporting the Most Significant Funds Maintained by the Marshal

Our analysis of the major funds maintained by the Marshal begins on page 6. The fund financial statements begin on page 9 and provide information about the most significant funds maintained by the Marshal - not the Marshal as a whole. However, the Marshal may establish other funds to help it control and manage money for particular purposes to show that it is meeting legal responsibilities for using certain fees. The Marshal governmental funds use the following accounting approaches:

Governmental funds - The Marshal's operating expenditures are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Marshal's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Marshal expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Activities) and governmental funds in reconciliation in Note 1 to the financial statements.

The Marshal as Trustee

The Marshal is the trustee, or fiduciary, for sales and seizure and garnishment funds. All of the Marshal's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 12. We exclude these activities from the Marshal's other financial statements because the Marshal cannot use these assets to finance its operations. The Marshal is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE

The Marshal's total net position changed from a year ago, increasing from a year ago from \$23,732 to \$27,280. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2019 and 2018.

Table 1
Net Position

	Governmental Activities	
	2019	2018
Current assets	\$ 35,345	\$ 30,727
Capital assets, net	5,488	3,882
Total assets	40,833	34,609
Current liabilities	11,813	10,877
Noncurrent liabilities	1,740	-
Total Liabilities	13,553	10,877
Net Position:		
Net investment in capital assets	2,355	3,882
Unrestricted	24,925	19,850
Total net position	\$ 27,280	\$ 23,732

Net position of the funds maintained by the Marshal's governmental activities increased by \$3,548. Unrestricted net position, the part of net position that can be used to finance the Marshal's expenses without constraints or other legal requirements, increased by \$5,075 from \$19,850 to \$24,925.

Table 2
Change in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Marshal's fees and other charges	\$ 192,558	\$ 210,201
General revenues:		
Bond forfeitures and investment earnings	17,343	7,048
Gain on Disposal of Assets	-	-
Intergovernmental	1,118,665	1,204,125
Total revenues	1,328,566	1,421,374
Expenses:		
General governmental - judicial	1,325,018	1,408,297
Total Expenses	1,325,018	1,408,297
Net Position:		
Change in net position	3,548	13,077
Beginning of the Year	23,732	10,655
End of the Year	\$ 27,280	\$ 23,732

THE FUNDS MAINTAINED BY THE MARSHAL AS A WHOLE (CONTINUED)

For the funds maintained by the Marshal, total revenues decreased by \$92,808 (from total revenues for the year ended April 30, 2018, of \$1,421,374 to total revenues for the year ended April 30, 2019, of \$1,328,566). For the funds maintained by the Marshal, program revenues decreased by \$17,643 (8.4%) (from program revenues for the year ended April 30, 2018, of \$210,201 to program revenues for the year ended April 30, 2019, of \$192,558). The largest decrease in program revenues occurred in the amount of court costs received from Monroe City Court. The general revenues decreased by \$75,165 (6.2%) (from general revenues for the year ended April 30, 2018, of \$1,211,173 to general revenues for the year ended April 30, 2019 of \$1,136,008). The largest decrease in general revenues resulted from a decrease in the Intergovernmental – City of Monroe revenues from 2018 to 2019 in the amount of \$85,460.

The Marshal's expenses decreased by \$83,279 from 2018 to 2019.

FUNDS MAINTAINED BY THE MARSHAL

For the funds maintained by the Marshal, the governmental funds (as presented on pages 9 - 11) reported a fund balance of \$24,925, which is an increase in the fund balance of \$5,075 from last year's fund balance of \$19,850. The Marshal's unassigned fund balance increased \$5,075 from 2018 to 2019. The significant changes in program revenues and expenditures are discussed in the paragraphs above.

BUDGETARY HIGHLIGHTS

The Marshal's budget does not include the City of Monroe's on-behalf payments because such amounts are included in the City of Monroe's budgets. The Marshal's original budget was adopted on April 6, 2018, and the final amended budget was adopted on April 15, 2019.

The total difference between the original budget and the final amended budget was a decrease in revenues by \$31,500 due to an anticipated decrease in Marshal's fees received from the Court. Expenses decreased by \$7,550 because the Marshal reduced costs associated with marshal evictions.

CAPITAL ASSETS /CAPITAL LEASES

The Marshal's investment in capital assets for its governmental activities as of April 30, 2019, amounts to \$2,355. (net of accumulated depreciation). This investment in capital assets includes furniture, equipment, and vehicles. There were no additions to fixed assets during the year. Additional information on the Marshal's capital assets can be found in Note 4 to the financial statements.

The Marshal records items under capital leases as an asset and an obligation in the accompanying statement of net position. During the year ended April 30, 2019, the Marshal continued to lease a mailing machine, copier and three computers.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Marshal considered many factors when setting a fiscal year 2020 budget. Amounts available for appropriation in the governmental funds are expected to remain approximately the same as the revenues available for the year ended April 30, 2019. In addition, the Marshal does not anticipate any significant changes in the operations of the Marshal's office.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Marshal and to show the Marshal's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Marshal at Monroe City Hall, 400 Lea Joyner Expressway, Monroe, Louisiana 71201.

Basic Financial Statements

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
APRIL 30, 2019**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Position</u>
ASSETS			
Cash	\$ 16,361	\$ -	\$ 16,361
Investment - certificate of deposit	3,640	-	3,640
Receivables	-	14,151	14,151
Due from other agency	14,151	(14,151)	-
Prepaid expenses	1,193	-	1,193
Capital assets, net of accumulated depreciation	-	5,488	5,488
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 35,345</u>	<u>\$ 5,488</u>	<u>\$ 40,833</u>
LIABILITIES			
Liabilities:			
Accrued expenses	\$ 10,420	\$ -	\$ 10,420
Obligations under capital lease:			
Due within one year	-	1,393	1,393
Due in more than one year	-	1,740	1,740
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 10,420</u>	<u>\$ 3,133</u>	<u>\$ 13,553</u>
FUND BALANCE/NET POSITION			
Fund balances:			
Nonspendable:			
Prepaid Expenses	\$ 1,193	\$ (1,193)	\$ -
Unassigned	23,732	(23,732)	-
Total Fund Balance	<u>24,925</u>	<u>(24,925)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 35,345</u>		
NET POSITION			
Net investment in capital assets		2,355	2,355
Unrestricted		24,925	24,925
		<u> </u>	<u> </u>
Total Net Position		<u>\$ 27,280</u>	<u>\$ 27,280</u>

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

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019**

	General Fund	Adjustments - Note 1	Statement of Activities
EXPENDITURES/EXPENSES			
Judiciary - Current:			
Personal services	\$ 781,618	\$ -	\$ 781,618
Personal services - related benefits	291,742	-	291,742
Uniforms	28,010	-	28,010
Insurance	48,970	-	48,970
Maintenance and supplies	6,307	-	6,307
Office	4,637	-	4,637
Postage	403	-	403
Professional fees	18,509	-	18,509
Telephone, radio, and communication services	3,602	-	3,602
Travel and seminars	11,778	-	11,778
Utilities	22,250	-	22,250
Warrant car expense	11,991	-	11,991
Marshal service returns and housing evictions	71,617	-	71,617
Depreciation	-	2,571	2,571
Other	20,890	-	20,890
Debt Service			
Principal	1,044	(1,044)	-
Interest	123	-	123
Total Expenditures/Expenses	<u>1,323,491</u>	<u>1,527</u>	<u>1,325,018</u>
PROGRAM REVENUES			
Marshal's fees	175,620	-	175,620
Other charges for services	16,938	-	16,938
Total Program Revenues	<u>192,558</u>	<u>-</u>	<u>192,558</u>
Net Program Expense			<u>(1,132,460)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,118,665	-	1,118,665
Investment earnings	10	-	10
Bond forfeitures	17,333	-	17,333
Total General Revenues	<u>1,136,008</u>	<u>-</u>	<u>1,136,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	5,075	(1,527)	3,548

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

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2019**

	General Fund	Adjustments - Note 1	Statement of Activities
NET CHANGE IN FUND BALANCES	5,075	(5,075)	-
CHANGE IN NET POSITION		3,548	3,548
FUND BALANCE /NET POSITION:			
Beginning of the Year	19,850	-	23,732
End of Year	\$ 24,925	\$ -	\$ 27,280

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

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
APRIL 30, 2019**

	<u>Agency Funds Total</u>
ASSETS	
Cash	\$ 26,577
Receivables	<u>-</u>
Total Assets	<u><u>\$ 26,577</u></u>
LIABILITIES	
Liabilities:	
Unsettled deposits due to others	<u>\$ 26,577</u>
Total Liabilities	<u><u>\$ 26,577</u></u>

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

Notes to the Financial Statements

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

INTRODUCTION

As provided for by the Louisiana State Legislature by Act 32 of 1960, Louisiana Revised Statutes 13:1879, the Monroe City Marshal (the “Marshal”) is the executive officer of the City Court of Monroe (the “Court”). The Marshal is responsible for carrying out the orders of the Court as handed down by its judges. Those orders include the service of process of both civil and criminal suits. The Marshal, whose jurisdiction includes Wards 3 and 10 of Ouachita Parish, is elected for a period of six years. The current term expires December 31, 2020. The Marshal is independently responsible for the General Fund and the Agency Funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Monroe City Marshal have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis—for State and Local Governments* (the “Statement”), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

B. 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 reporting purposes, the City of Monroe, Louisiana (the “City”) serves as the financial reporting entity for the City. The financial reporting entity consists of (a) the primary government (City), (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 (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

B. REPORTING ENTITY (CONTINUED)

1. Appointing a voting majority of an organization'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.
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.

The City Marshal is an independently elected official. However, the City Marshal is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the City Marshal is fiscally dependent on the City, the City Marshal was determined to be a component unit of the City of Monroe, the financial reporting entity. The City Marshal does not have any component units of its own.

The accompanying financial statements present information only on the funds maintained by the City Marshal and do not present information on the City of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Marshal uses funds to maintain its financial records during the year and to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

C. FUND ACCOUNTING (CONTINUED)

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Monroe City Marshal. Funds of the Marshal are classified into two categories: governmental funds and fiduciary (agency) funds. The Marshal has one governmental fund, the general fund, and two fiduciary (agency) funds, which are described below:

General Fund

The General Fund is the primary operating fund of the Marshal, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Marshal's policies.

Fiduciary Funds

Fiduciary funds' reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Marshal are agency funds. The Marshal maintains two agency funds: the Garnishment Fund and the Sales and Seizure Fund. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

Marshal's Garnishment Fund – The Marshal's Garnishment Fund accounts for the collection of garnishments and the remittance of these funds to garnishment payees and to the City Marshal for costs incurred in collecting and distributing the funds.

Marshal's Sales and Seizures Fund – The Marshal's Sales and Seizures Fund accounts for the collection of proceeds from the sale and seizure of property and the remittance of these funds to creditors, to the Marshal for costs incurred, and to others for costs incurred in the sale and seizure of property.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Marshal's operations.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Marshal considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Marshal's fees, other court costs, and bond forfeitures are recorded in the year in which they are earned.

Substantially all other revenues are recognized when received by the Marshal.

Based on the above criteria, the Marshal's fees, other court costs, and bond forfeitures are treated as susceptible to accrual.

Expenditures

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

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Marshal.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Marshal as a whole. These statements include all the financial activities of the Marshal. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services and from other fees charged by the Marshal; program revenues reduce the cost of the function to be financed from the Marshal's general revenues.

General Revenues - General revenues included in the column labeled Statement of Activities (Statement B) are derived from on-behalf payments from the City of Monroe, interest income, and from sources not considered program revenues. General revenues finance the remaining balance of functions not covered by Program revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Statement B	
Capitalization of Capital Assets	\$ -
Recording of Depreciation Expense	(2,571)
Principal Paid on Debt Service, Including Capital Leases	1,044
Net Effect of Changes	\$ (1,527)
Statement A	
Recording of Capital Assets, Net of Accumulated Depreciation	\$ 5,488
Recording of Capitalized Lease Obligation	-
Net Effect of Changes	\$ 5,488

E. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position, and the related depreciation expense is recorded in the Statement of Activities. Because surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

E. CAPITAL ASSETS (CONTINUED)

Description	Estimated Useful Lives
Buildings and building improvements	5 – 40 years
Computer Equipment	3 – 10 years
Equipment	5 – 15 years
Furniture and fixtures	5 – 10 years
Vehicles	5 years

F. GOVERNMENTAL FUND BALANCES

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Marshal – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Marshal removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Marshal’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

H. RISK MANAGEMENT

The Marshal is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. To handle such risk of loss, the Marshal maintains commercial insurance policies for automobile coverage and fidelity bond coverage.

I. USE OF RESTRICTED RESOURCES

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Marshal's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Marshal's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

2. DEPOSITS AND CUSTODIAL CREDIT RISK

Under state law, the Marshal may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The Marshal may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. The Marshal also maintains a certificate of deposit which is reported in investments in the Balance Sheet/Statement of Net Position. At April 30, 2019, the Marshal's carrying amount (book balance) of deposits totaled \$46,579, which included the following:

Cash (including Agency Accounts)	\$ 42,939
Certificate of Deposit	<u>3,640</u>
Total	<u>\$ 46,579</u>

These deposits are stated at cost, which approximates market.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

2. DEPOSITS AND CUSTODIAL CREDIT RISK (CONTINUED)

The Marshal's deposits (bank balances) totaled \$173,776 at April 30, 2019. Under state law, these deposits, or the resulting bank balances, must be collateralized by Federal deposit insurance or the pledge of securities. 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. Also, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Marshal that the fiscal agent bank has failed to pay deposited funds upon demand. At April 30, 2019, these deposits were collateralized in full.

Custodial credit risk is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. The Marshal does not have a policy for custodial credit risk. As of April 30, 2019, none of the Marshal's deposits were exposed to custodial credit risk.

3. RECEIVABLES

The receivables as reported in the Statement of Net Position and the Statement of Fiduciary Net Assets and Liabilities at April 30, 2019, are summarized as follows:

Class of Receivable	Statement of Net Position
Charges for services:	
City Court of Monroe	\$ 14,151

The Marshal utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended April 30, 2019, is as follows:

<u>Government Activities</u>	<u>April 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2019</u>
Vehicles	\$ 148,696	\$ -	\$ -	\$ 148,696
Furniture and Equipment	107,439	4,179	3,093	108,525
Total	<u>256,135</u>	<u>4,179</u>	<u>3,093</u>	<u>257,221</u>
Less Accumulated depreciation:				
Vehicles	147,778	855	-	148,633
Furniture and Equipment	104,475	1,718	3,093	103,100
Total	<u>252,253</u>	<u>2,573</u>	<u>3,093</u>	<u>251,733</u>
Capital Assets, Net	<u>\$ 3,882</u>	<u>\$ 1,606</u>	<u>\$ -</u>	<u>\$ 5,488</u>

5. ACCOUNTS PAYABLE

The Marshal did not have any accounts payable at April 30, 2019.

6. LEASES

Operating Leases

The Marshal leases certain office equipment under long-term leases. One lease for equipment began in 2015 and one started in September 2017. Total lease expense under operating leases, including month-to-month leases, was \$4,851 for 2019.

The remaining payments under long-term operating leases for the next five years are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2020	\$ 3,279
2021	2,280
2022	2,280
2023	\$ 760

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

6. LEASES (CONTINUED)

Capital Leases

The Marshal records items under capital leases as an asset and an obligation in the accompanying Statement of Net Position. During the year ended April 30, 2019, the Marshal had a capital lease arrangement for the lease of three computers.

The following is a schedule of the future minimum lease payment under the capital lease, together with the present value of the net minimum lease payments, as of April 30, 2019:

Year Ending April 30,	Amount
2020	\$ 1,557
2021	1,557
2022	389
Net minimum lease payments	3,503
Less amount representing interest	(370)
Present value of minimum lease payments	\$ 3,133

7. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended April 30, 2019:

	Capitalized Leases
Long-term obligations at April 30, 2018	\$ 815
Additions	4,179
Deductions	(1,861)
Long-term obligations at April 30, 2019	\$ 3,133

8. CHANGES IN AGENCY FUND

DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others for the year ended April 30, 2019, is as follows:

	Garnishment	Sales and Seizures	Total
Balance at April 30, 2018	\$ 16,385	\$ 3,684	\$ 20,069
Additions	929,713	61,818	991,531
Reductions	(923,641)	(61,382)	(985,023)
Balance at April 30, 2019	\$ 22,457	\$ 4,120	\$ 26,577

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

9. ON-BEHALF PAYMENTS

The City of Monroe made on-behalf payments of \$1,118,665 for the Marshal for the year ended April 30, 2019, as follows:

10. ON-BEHALF PAYMENTS (CONTINUED)

Salaries	\$	773,118
Fringe Benefits		265,668
Operating expenses		<u>79,879</u>
Total	\$	<u>1,118,665</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the Monroe City Marshal.

11. LITIGATION

The Monroe City Marshal was involved in a lawsuit that resulted from an automobile accident involving an employee of the Marshal's office. The Marshal aggressively pursued his defense of this matter at trial in November, 2010, but was unsuccessful. The plaintiff was awarded the following amounts: \$4,974 for damages, \$987 for court costs, and \$4,500 in legal interest, for a total due of \$10,461. This amount is reported in accrued expenses in the Governmental Funds Balance Sheet/Statement of Net Position.

12. SUBSEQUENT EVENTS

The Monroe City Marshal has evaluated events through October 11, 2019, the date which the financial statements were available to be issued and determined that the following event occurred subsequent to the reporting period that is required to be disclosed.

In August 2019 the Monroe City Marshal canceled its auto insurance coverage. The Monroe City Marshal has been diligently searching for proper and affordable coverage. An insurance agency is currently working on a proposal to provide auto coverage.

Required Supplemental Information

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Marshal's fees	\$ 202,000	\$ 185,000	\$ 175,620	\$ (9,380)
Other charges for services	42,000	18,500	16,938	(1,562)
Investment earnings	-	-	10	10
Bond forfeitures	9,000	18,000	17,333	(667)
Total revenues	<u>253,000</u>	<u>221,500</u>	<u>209,901</u>	<u>(11,599)</u>
EXPENDITURES				
Judiciary - Current:				
Personal services	35,000	38,000	8,500	(29,500)
Personal services - related benefits	27,000	26,000	26,470	470
Uniforms	2,000	1,200	1,337	137
Insurance	32,000	29,000	38,244	9,244
Maintenance and supplies	8,000	6,500	6,307	(193)
Office	6,600	5,400	4,637	(763)
Postage	1,800	700	403	(297)
Professional fees	1,500	1,550	1,509	(41)
Marshal service returns and housing evictions	75,000	66,000	71,617	5,617
Other	15,000	23,000	20,866	(2,134)
Travel and seminars	9,000	12,000	11,778	(222)
Warrant car expense	16,000	12,000	11,991	(9)
Capital outlay	-	-	-	-
Debt service	-	-	1,167	1,167
Total expenditures	<u>228,900</u>	<u>221,350</u>	<u>204,826</u>	<u>(16,524)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	24,100	150	5,075	4,925
FUND BALANCE AT BEGINNING OF YEAR				
	<u>(9,254)</u>	<u>19,850</u>	<u>19,850</u>	<u>-</u>
FUND BALANCE (DEFICIT) AT END OF YEAR				
	<u>\$ 14,846</u>	<u>\$ 20,000</u>	<u>\$ 24,925</u>	<u>\$ 4,925</u>

See accompanying Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
Notes to the Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget (GAAP)
Basis and Actual
For the Year Ended April 30, 2019**

NOTE 1 – BUDGETARY POLICIES

The proposed budget for the general fund of the Marshal is prepared on the modified accrual basis of accounting. The budget is legally adopted by the Marshal and then amended during the year, as necessary. The budget is established and controlled at the object level of expenditures. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended. The Marshal authorizes all amendments to the budget. The Marshal's budget does not include the City of Monroe's budgeted amounts for the Marshal's office.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying schedule include the original adopted budget amount and the final amended budget.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, 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.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

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**Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Mr. Wince Highshaw
Monroe City Marshal
Monroe, Louisiana

We have audited in accordance with the 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, the financial statements of the governmental activities and the aggregate remaining fund information of the Monroe City Marshal, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the Monroe City Marshal's basic financial statements and have issued our report thereon dated October 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Monroe City Marshal's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe City Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe City Marshal's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monroe City Marshal's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2019-01.

Monroe City Marshal's Response to Findings

The Monroe City Marshal's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Monroe City Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Monroe City Marshal's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 11, 2019

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
Schedule of Findings and Responses
As of and For the Year Ended April 30, 2019**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X no reported

Noncompliance material to financial statements noted? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2019-01 – Compliance with Local Government Budget Act

Criteria: Louisiana Revised Statute 39:1311 requires the Marshal's Office to amend its budget if there is a difference of 5% or greater in actual revenues and budgeted revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Condition: For the year ended April 30, 2019, the Marshal's Office budgeted revenues exceeded its actual revenues by more than 5%.

Effect: The Marshal's Office was not in compliance with the Local Government Budget Act.

Cause: The Marshal's office budgeted for an increase in other charges for services that did not happen and the budget was not amended to reflect the actual revenues.

Recommendation: We recommend the Marshal's office adjust its budget accordingly prior to the final adoption of the amended budget.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
Schedule of Findings and Responses
As of and For the Year Ended April 30, 2019**

Views of Responsible Officials and Planned Corrective Action: The Monroe Marshal's Office agrees with the above statement. The 2019 budget was not amended to accurately reflect the decrease in revenues received as compared to what was originally budgeted.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2019**

Finding 2018-01 – Noncompliance of Budgetary Authority and Control

Condition: The Marshal's Office did not prepare and/or amend a budget for the fiscal year.

Auditors' Recommendation: We recommend budgeting expenditures in an amount that would correct the fund balance deficit based on the projected income for the next fiscal year and maintaining a monthly review of income and expenses throughout the year to determine the fund balance and if there are any necessary changes to make in order to keep expenditures at the right amount.

Current Status:

The Marshal's office prepared and adopted the 2019 budget appropriately and complied with the Local Government Budget Act. However, due to actual revenues being less than budgeted the 2018 budgets exceeded the 5% allowable variances.

**MONROE CITY MARSHAL
CITY OF MONROE, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDING APRIL 30, 2019**

Agency Head -
Wince Highshaw, Jr., Monroe City Marshal

Section IPaid by the City of Monroe, Louisiana

Salary	\$ 53,383
Benefits - Insurance	6,781
Benefits - Retirement	14,690

Paid by Monroe City Marshal Office

Service Returns	60,187
Housing Evictions	12,820
Sales and Seizures	61,626
Garnishments	55,376

Section IIPaid by State of Louisiana

State Supplemental	6,000
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Paid by Ouachita Parish Police Jury

Salary	7,200
	<hr/>
	\$ 278,063
	<hr/> <hr/>

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Monroe City Marshal and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Monroe City Marshal (Marshal) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2018 through April 30, 2019. The Marshal's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this 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 or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Marshal's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Marshal's operations):¹
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Marshal's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Thirty-three exceptions noted where the written policies and procedures of the Marshal did not contain the detailed requirements of the Louisiana Legislative Auditor listed above.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Marshal's main operating account. Select the Marshal's main operating account and randomly select 4 additional accounts³ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ Accounts selected may exclude savings and investment accounts that are not part of the THE MARSHAL's daily business operations.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Three exceptions noted where the reconciliations did not include evidence that a member of management had reviewed the reconciliation. Three exceptions noted where there was no documentation reflecting that the Marshal had researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 3. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Findings: We obtained the listing and management's representation.

- 4. For each location selected under #3 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: One exception noted where the employee who processes payments is not prohibited from adding/modifying vendor files. One exception noted where the employee responsible for processing payments also mails the payments.

- 5. For each location selected under #3 above, obtain the Marshal's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #4, as applicable.

Findings: Five exceptions noted where the disbursement documentation did not include evidence of segregation of duties tested under #4, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

6. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We obtained the listing and management's representation of this.

7. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: One exception noted where there was no evidence that the statement was reviewed and approved, in writing, by someone other than the authorized card holder.

8. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: Two exceptions noted where the transaction was not supported by an original itemized receipt. Two exceptions noted where the transaction did not have written documentation of the business/public purpose.

Travel and Travel-Related Expense Reimbursements⁴ (excluding card transactions)

9. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Other

10. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Marshal reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Marshal is domiciled.

Findings: The Marshal did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

11. Observe that the Marshal has posted on its premises⁵ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.⁶

Findings: One exception noted where the Marshal did not have posted on its website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

⁴ Non-travel reimbursements are not required to be tested under this category.

⁵ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

⁶ This notice is available for download or print at www.la.gov/hotline.

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
August 14, 2019