

**CITY OF NATCHITOCHEs, CITY MARSHAL**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2002**

City of Natchitoches, City Marshal  
December 31, 2002

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	---	1
General Purpose Financial Statements <u>(Combined Statements - Overview)</u>		
Combined Balance Sheet - Fund Types and Account Group	A	3
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget (GAAP Basis) and Actual- Governmental Fund Type	B	4
Notes to the Financial Statements	---	6-10
Financial Schedules of Individual <u>Funds and Account Group</u>		
General Fund--		
Balance Sheet	C-1	13
Schedule of Revenues, Expenditures and Changes in Fund Balance	C-2	14
Fiduciary Fund Type-Agency Fund- Civil Fund-		
Balance Sheet	D-1	16
Schedule of Changes in Deposit Balances	D-2	17
General Fixed Assets Account Group-		
Schedule of Changes in General Fixed Assets	E	19
<u>Compliance and Internal Control</u>		
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	F	20-21

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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### INDEPENDENT AUDITORS' REPORT

Alton Rachal  
City of Natchitoches, City Marshal

We have audited the general purpose financial statements of the Natchitoches City Marshal, a component unit of the City of Natchitoches, as of and for the year ended December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the City Marshal'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 *Government Auditing Standards*, issued by the U.S. General Accounting Office, and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches City Marshal, as of December 31, 2002, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 11, 2002, on our consideration of the Natchitoches City Marshal's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

Johnson, Thomas & Cunningham  
Johnson, Thomas & Cunningham, CPA's

April 11, 2003  
Natchitoches, Louisiana

GENERAL PURPOSED FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

City of Natchitoches City Marshal  
Natchitoches, Louisiana

Combined Balance Sheet- Fund Type and Account Group  
December 31, 2002

	<u>Governmental</u> <u>Fund Type</u> General <u>Fund</u>	<u>Fiduciary</u> <u>Fund Type</u> Civil <u>Fund</u>	<u>Account Group</u> General Fixed <u>Assets</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>2002</u>
<u>Assets</u>				
Cash	\$14,700	\$64,698	\$ 0	\$ 79,398
Receivables	0	0	0	0
Equipment & Vehicles	<u>0</u>	<u>0</u>	<u>47,507</u>	<u>47,507</u>
Total Assets	<u>\$14,700</u>	<u>\$64,698</u>	<u>\$47,507</u>	<u>\$126,905</u>
<u>Liabilities</u>				
Unsettled Deposits	\$ 0	\$64,698	\$ 0	\$ 64,698
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$64,698</u>	<u>\$ 0</u>	<u>\$ 64,698</u>
<u>Fund Equity</u>				
Investment in General				
Fixed Assets	\$ 0	\$ 0	\$47,507	\$ 47,507
Fund Balance-Unreserved- Undesignated	<u>14,700</u>	<u>0</u>	<u>0</u>	<u>14,700</u>
Total Fund Equity	<u>\$14,700</u>	<u>\$ 0</u>	<u>\$47,507</u>	<u>\$ 62,207</u>
Total Liabilities & Fund Equity	<u>\$14,700</u>	<u>\$64,698</u>	<u>\$47,507</u>	<u>\$126,905</u>

See notes to financial statements.

City of Natchitoches City Marshal  
Natchitoches, Louisiana

Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual-  
Governmental Fund Type--General Fund  
Year Ended December 31, 2002

	2002		Variance- Favorable (Unfavorable)	2001
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>REVENUES:</b>				
Fines & Forfeits	\$286,000	\$286,574	\$ 574	\$200,284
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$286,000</u>	<u>\$286,574</u>	<u>\$ 574</u>	<u>\$200,284</u>
<b>EXPENDITURES:</b>				
Current-				
Office Expense	\$ 8,000	\$ 8,379	\$ (379)	\$ 3,865
Repairs & Maintenance	300	293	7	618
Telephone	4,000	3,727	273	4,017
Uniforms	1,500	1,471	29	1,796
Rent	5,400	5,400	0	5,400
Personal Services	8,000	7,770	230	7,775
Building	18,000	18,800	(800)	15,621
Capital Expenditures	24,000	23,928	72	18,406
Other	15,000	14,779	221	6,240
External Appropriations-				
City Court	50,000	50,127	(127)	39,052
Clerk of Court	5,000	4,917	83	2,849
District Attorney	40,000	39,815	185	33,351
Indigent Defender Board	47,000	47,520	(520)	28,945
LCLE/Criminal Justice	4,000	4,383	(383)	3,242
NWLA Juvenile Center	14,500	14,505	(5)	12,405
Crime Victims	3,500	3,412	88	2,625
LSP Breath Analysis	2,000	1,960	40	1,250
Crime Lab	20,000	20,108	(108)	16,440
LA Court Mgt. Info. System	3,800	3,830	(30)	3,308
LA Hsct. Trust Fund	5,000	5,015	(15)	4,552
Natchitoches Police Jury	<u>4,800</u>	<u>4,850</u>	<u>(50)</u>	<u>3,380</u>
Total Expenditures	<u>\$283,800</u>	<u>\$284,989</u>	<u>\$(1,189)</u>	<u>\$215,137</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,200	\$ 1,585	\$ (615)	\$ (14,853)
Fund Balance-Beginning of Year	<u>13,115</u>	<u>13,115</u>	<u>0</u>	<u>27,968</u>
Fund Balance-End of Year	<u>\$ 15,315</u>	<u>\$ 14,700</u>	<u>\$ (615)</u>	<u>\$ 13,115</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

## City Marshal, City of Natchitoches, LA

Notes to Financial Statements  
December 31, 2002**1. The Reporting Entity:**

As provided by Louisiana Statutes, the City Marshal administers the Court system of the City of Natchitoches, Louisiana. The City Marshal is elected to a term of six years.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The City Marshal prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the City of Natchitoches. The accompanying statements present only transactions of the City Marshal, a component unit of the City of Natchitoches, Louisiana.

**2. Summary of Significant Accounting Policies:**

The accounting and reporting policies of the City Marshal conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517.

As the governing authority of the city, for reporting purposes, the City of Natchitoches, Louisiana, is the financial reporting entity for the local government. 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 nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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.

City Marshal, City of Natchitoches, LA

Notes to Financial Statements  
December 31, 2002

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

Because the City Marshal is fiscally dependent on the City of Natchitoches, it was determined to be a component unit of the city, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Marshal and do not present information on the city, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

The following is a summary of certain significant accounting principles and practices-

Fund Accounting:

The accounts of the City Marshal are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund or account groups are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, revenues and expenditures. Resources are allocated to the fund or account group based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The fund presented in this report is described as follows:

Governmental Fund:

General Fund. The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources of the Marshal's office.

Fiduciary Fund Type-Agency Fund:

Civil Fund. The Civil Fund is used to account for assets held as an agent for individuals and other parties. Agency funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Fixed Assets and Long-term Liabilities-

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. The governmental fund is accounted for on a spending or "financial flow" measurement focus and only current assets and liabilities are generally included on its balance sheet.

Fixed assets used in the governmental fund operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the general fund.

City Marshal, City of Natchitoches

Notes to Financial Statements  
December 31, 2002

These assets are recorded as expenditures in the General Fund when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental fund. The City Marshal had no long-term liabilities at December 31, 2002.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

Basis of Accounting:

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

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Court fines are recognized when received because they are not objectively measurable. Expenditures are recorded when the related fund liability is incurred.

The City Marshal does not employ the use of "Encumbrance accounting".

Total Columns on Combined Statements-Overview:

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis.

City Marshal, City of Natchitoches

Notes to Financial Statements  
December 31, 2002

**Budgetary Practices:**

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

Budgetary data for the general fund is prepared based on prior year actual operating revenues and expenditures. The general fund is maintained on the modified accrual basis and therefore no reconciliations 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 in commitments relating to executory contracts for goods or services, they would be accounted for and reported consistently.

**Estimates:**

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

**Investments:**

The Marshal does not have any investments other than cash invested in interest bearing checking accounts.

**3. Pension Plan:**

Employees of the Marshal's office are members of the Louisiana Municipal Employees Retirement System. The City of Natchitoches pays the retirement costs for the Marshal's employees into the fund. Neither the City nor the Marshal guarantee the benefits granted by the retirement system.

**4. General Fixed Assets:**

A summary of changes in general fixed assets is shown in the account group section of the report.

**5. Litigation:**

The Marshal is not a party in any litigation seeking damages for the year ended December 31, 2002.

## City Marshal, City of Natchitoches

Notes to Financial Statements  
December 31, 2002**6. Related Party Transactions:**

The Marshal had no identified related party transactions for the year ended December 31, 2002.

**7. Expenses Paid by Other Governmental Units:**

All salaries and wages, including the City Marshal and the employees of the Marshal's office, are paid by the City of Natchitoches.

**8. Cash and Investments:**

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposits. At December 31, 2002, the Marshal had cash equivalents totaling \$86,285. Under Louisiana Law, these deposits must be secured by Federal deposit insurance, or by the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The deposits at December 31, 2002, were as follows:

	<u>Bank Balance</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash - Checking	<u>\$86,285</u>	<u>\$86,285</u>	<u>\$0</u>
Cash In Banks	<u>\$86,285</u>	<u>\$86,285</u>	<u>\$0</u>

FINANCIAL SCHEDULES OF THE INDIVIDUAL FUNDS  
AND ACCOUNT GROUP

## GENERAL FUND

To account for the general operation of the City Marshal's office. The various fees and charges due to the City Marshal are accounted for in this fund, and the general operating expenses of the Marshal are paid from this fund, as well as disbursements to various other governmental agencies.

City of Natchitoches, City Marshal  
Natchitoches, Louisiana

General Fund  
Balance Sheet  
December 31, 2002

<u>Assets</u>	
Cash	\$14,700
Accounts Receivable	<u>0</u>
Total Assets	<u>\$14,700</u>
<u>Liabilities &amp; Fund Balance</u>	
Liabilities-	
Accounts Payable	\$ 0
Fund Balance-	
Unreserved-Undesignated	<u>14,700</u>
Total Liabilities & Fund Balance	<u>\$14,700</u>

See notes to financial statements.

City of Natchitoches City Marshal  
Natchitoches, Louisiana

General Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance-  
Year Ended December 31, 2002

REVENUES:	
Fines & Forfeits	\$286,574
Other	<u>0</u>
Total Revenues	<u>\$286,574</u>
EXPENDITURES:	
Current-	
Office Expense	\$ 8,379
Repairs & Maintenance	293
Telephone	3,727
Uniforms	1,471
Rent	5,400
Personal Services	7,770
Building	18,800
Capital Expenditures	23,928
Other	14,779
External Appropriations-	
City Court	50,127
Clerk of Court	4,917
District Attorney	39,815
Indigent Defender Board	47,520
LACLE/Criminal Justice	4,383
NWLA Juvenile Center	14,505
Crime Victims	3,412
LSP Breath Analysis	1,960
Crime Lab	20,108
LA Court Mgt. Info. System	3,830
LA Hsct. Trust Fund	5,015
Natchitoches Parish Police Jury	<u>4,850</u>
Total Expenditures	<u>\$284,989</u>
Excess of Revenues Over Expenditures	\$ 1,585
Fund Balance-Beginning of Year	<u>13,115</u>
Fund Balance-End of Year	<u>\$ 14,700</u>

See notes to financial statements.

## FIDUCIARY FUND TYPE

Agency Fund-

Civil Fund-This fund is used to account for garnishments, sales, fines and forfeitures imposed by the court system. Garnished wages are remitted to this fund, and the related parties are paid from the fund.

City of Natchitoches, City Marshal  
Natchitoches, Louisiana

Civil Fund  
Balance Sheet  
December 31, 2002

<u>Assets</u>	
Cash	\$ <u>64,698</u>
Total Assets	\$ <u>64,698</u>
 <u>Liabilities &amp; Fund Equity</u>	
Liabilities-	
Unsettled Deposit Balances	\$ <u>64,698</u>
Total Liabilities	\$64,698
Fund Equity	<u>    0</u>
Total Liabilities & Fund Equity	\$ <u>64,698</u>

See notes to financial statements.

City of Natchitoches, City Marshal  
Natchitoches, Louisiana

Civil Fund  
Schedule of Changes in Deposit Balances  
Year Ended December 31, 2002

Deposit Balances at Beginning of Year	\$ <u>48,549</u>
Additions:	
Deposits Made During Year	\$348,216
Interest Earned on Deposits	<u>870</u>
Sub-Total	<u>\$349,086</u>
Deductions:	
City of Natchitoches	\$141,633
City Marshal	11,256
City Court	28,100
Plaintiffs and Attorneys	134,547
Refunds	13,727
Appraisals and Advertising	402
Clerk of Court	2,247
Other Costs	<u>1,025</u>
Total Deductions	<u>\$332,937</u>
Deposit Balances at End of Year	\$ <u>64,698</u>

See notes to financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets used in this governmental type fund operations.

City of Natchitoches, City Marshal  
Natchitoches, Louisiana

General Fixed Assets Account Group  
Schedule of Changes in General Fixed Assets  
Year Ended December 31, 2002

	<u>Balance</u> <u>1-1-02</u>	<u>General</u> <u>Fund</u> <u>Additions</u>	<u>Deletions/</u> <u>Retirements</u>	<u>Balance</u> <u>12-31-02</u>
General Fixed Assets-				
Land	\$ 0	\$ 0	\$0	\$ 0
Buildings	0	0	0	0
Equipment & Vehicles	<u>23,580</u>	<u>23,928</u>	<u>0</u>	<u>47,508</u>
 Total General Fixed Assets	 <u>\$23,580</u>	 <u>\$23,928</u>	 <u>\$0</u>	 <u>\$47,508</u>

See notes to financial statements.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1962-1996)

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### REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Alton Rachal  
City of Natchitoches, City Marshal

We have audited the general purpose financial statements of the City Marshal, a component unit of the City of Natchitoches, as of and for the year ended December 31, 2002. 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 the City Marshal's general purpose 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 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 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 City Marshal's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the City Marshal, the Legislative Auditor, and interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Thomas & Cunningham  
Johnson, Thomas & Cunningham, CPA's

April 11, 2003  
Natchitoches, Louisiana