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CITY COURT OF PORT ALLEN
A COMPONENT UNIT OF
THE CITY OF PORT ALLEN, LOUISIANA

FINANCIAL REPORT
(Compiled)

December 31, 1999

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

Release Date 8-9-00

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INDEPENDENT ACCOUNTANT'S REPORT

To the Honorable William T. Kleinpeter
City Court of Port Allen
Port Allen, Louisiana

We have compiled the accompanying financial statements and supplementary information of the City Court of Port Allen, Louisiana, a component unit of the City of Port Allen, Louisiana as of and for the year ended December 31, 1999 as listed in the accompanying table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

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

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 14, 2000, on the results of our agreed-upon procedures.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

June 14, 2000

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES**

To the Honorable William T. Kleinpeter
City Court of Port Allen
Port Allen, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of City Court of Port Allen, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about City Court of Port Allen's compliance with certain laws and regulations during the period ended December 31, 1999, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

No expenditures exceeding \$15,000 were made during the year for materials, supplies or public works.

Code of Ethics for Public Officials and Public Employees

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

Management provided us with the required list including the noted information.

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

Management provided us with the required list.

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

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

Accounting and Reporting

5. Randomly select 6 disbursements made during the period under examination and:

- a. trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- b. determine if payments were properly coded to the correct fund and general ledger account;

Payments were properly coded to the correct fund and general ledger account.

- c. and determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and Judge Kleinpeter.

Debt

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

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

We inspected payroll records for the year and noted no instances, which would indicate payments to employees, which would constitute bonuses, advances, or gifts.

Our schedule of internal control structure reportable condition summarizes our prior comments and unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the use of management of the City Court of Port Allen, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

June 14, 2000

CITY COURT OF PORT ALLEN, LOUISIANA

Combined Balance Sheet - Fund Type and Account Group**December 31, 1999**

	Governmental Fund Type General	Fiduciary Funds Agency Funds	General Fixed Account Group	Totals (Memorandum Only)
ASSETS				
Cash	\$ 15,102	\$ 22,839	\$ -	\$ 37,941
Due from other funds	-	2,956	-	2,956
Equipment and leasehold improvements	-	-	33,251	33,251
Total Assets	\$ 15,102	\$ 25,795	\$ 33,251	\$ 74,148
LIABILITIES AND FUND EQUITY				
Liabilities				
Other payables	\$ -	\$ 2,720	\$ -	\$ 2,720
Deposits	-	23,075	-	23,075
Accounts payable and accrued expenses	3,960	-	-	3,960
Due to other funds	2,956	-	-	2,956
Total liabilities	6,916	25,795	-	32,711
Fund Equity				
Investment in general fixed assets	-	-	33,251	33,251
Fund balances				
Unreserved, undesignated	8,186	-	-	8,186
Total fund equity	8,186	-	33,251	41,437
Total Liabilities and Fund Equity	\$ 15,102	\$ 25,795	\$ 33,251	\$ 74,148

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

December 31, 1999

1. Summary of Significant Accounting Policies

The financial statements of the City Court of Port Allen have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. The more significant of the Court's accounting policies are described below.

Reporting Entity. As the governing authority of the City, for reporting purposes, the City of Port Allen is 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 of Port Allen 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:

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.

Because the City provides financial support to the City Court, the City Court was determined to be a component unit of the City of Port Allen, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court 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.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1999

Fund Accounting. The Court uses funds and account groups to report on its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds and account groups are classified as follows in the balance sheet.

Governmental Fund

General Fund. The general fund is the general operating fund of the Court. It is used to account for all financial resources.

General Fixed Assets Account Group. The general fixed assets account group is used to account for all Court general fixed assets.

Agency Funds. Agency funds account for assets that are held by the city court in a custodial capacity pending their transfer to the proper recipient, as provided by Louisiana law. Agency funds are custodial in nature (assets equal liabilities) and do not involve 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 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. The modified accrual basis of accounting is used by all governmental fund types. 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Cash. Cash includes entirely insured amounts in demand deposits.

General Fixed Assets. General fixed assets are those acquired for general governmental purposes. Assets purchased are recorded as expenditures in the governmental fund and capitalized at cost in the General Fixed Assets Account Group.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1999

Depreciation is not provided on general fixed assets and interest is not capitalized.

Budgets. Due to its size, the Court is not legally required to conduct an open forum meeting.

Memorandum Only - Total Columns. Total columns on combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Risk Management. The City Court is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City Court is covered by insurance provided by the City of Port Allen at levels which management believes is adequate to protect the City Court. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Use of 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 disclosure 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.

2. Cash

At year-end, the carrying amount of the Court's cash was \$37,941 and the bank balance was \$42,638. All of the bank balance was covered by federal deposit insurance.

3. Changes in General Fixed Assets

A summary of changes in General Fixed Assets follows:

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Equipment	\$ 23,370	\$ 4,914	\$ -	\$ 28,284
Leasehold improvements	4,967	-	-	4,967
	<u>\$ 28,337</u>	<u>\$ 4,914</u>	<u>\$ -</u>	<u>\$ 33,251</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1999

4. Retirement Commitments

Louisiana State Employees' Retirement System (LASERS)

Plan Description and Provisions. The City Court's Judge participates in the LASERS, a cost sharing multiple employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225) 922-0600.

Description of Funding Policy. The City Court Judge is required by State statute to contribute 11.5% of his annual covered salary and the Court is required to contribute at an actuarially determined rate. The current employer rate is 13% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Court's contributions to LASERS for the years ended December 31, 1999, 1998, and 1997, were \$2,838, \$2,650, and \$3,525, respectively, and were equal to the required contributions for each year.

5. Changes In Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	Unsettled Deposits at Beginning of Year	Additions	Reductions	Unsettled Deposits at End of Year
Civil Funds	\$ 12,073	\$ 54,155	\$ 50,408	\$ 15,820
Fines, Fees, & Court Cost	7,030	130,336	130,111	7,255
	<u>\$ 19,103</u>	<u>\$ 184,491</u>	<u>\$ 180,519</u>	<u>\$ 23,075</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1999

6. Related Party Transactions

The City of Port Allen, Louisiana incurs expenditures on behalf of the Court. During the year ended December 31, 1999, the City paid the following expenditures on behalf of the Court, all of which are not included in the accompanying financial statements.

	December 31, 1999
Other services and supplies	<u>\$ 18,073</u>
	<u>\$ 18,073</u>

The Court distributes a portion of all fines collected to the City. During the year ended December 31, 1999, the portion of fines collected by the Court, which were available for distribution to the City, totaled \$24,407. As of December 31, 1999, the Court had not distributed \$707 in fines due the City.

The Court has agreed to reimburse the City for a portion of two of the Court's employees. Under this agreement, the Court incurred cost of \$34,016 of which \$2,835 was payable at December 31, 1999.

7. On-Behalf Payments for Fringe Benefits and Salaries

In accordance with GASB Statements 24, on-behalf payments made by the City of Port Allen, the West Baton Rouge Parish Council, and the State of Louisiana are recognized as revenues and expenditures in these financial statements. The on-behalf payments are shown as intergovernmental revenue in these financial statements. Amounts equal to the revenue recognized have been included as expenditures in the personal services category. The total of the payments was \$90,083 for the year ended December 31, 1999.

City of Port Allen	\$ 56,158
State of Louisiana	29,313
West Baton Rouge Parish	<u>4,612</u>
	<u>\$ 90,083</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Schedule of Internal Control Structure Reportable Condition

December 31, 1999

Material Weakness

Inadequate Segregation of Duties

Condition. The Court is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Criteria. The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect. The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause. The size of the Court and the limited number of employees did not permit an adequate segregation of incompatible duties.

Recommendation. Due to the size of the City Court's operations it does not have sufficient staff to establish adequate segregation of duties. Management should consider if the cost associated with reducing this deficiency in the design or operation of the internal control structure is considered to be justified.

Auditee Response. Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at the current time.

Comments on Resolution of Prior Audit Findings

The internal control matter above was reported in the prior year's audit. There were no other prior year audit findings for which the Court has not implemented the corrective action recommended.

CITY COURT OF PORT ALLEN, LOUISIANA

*Combining Balance Sheet - Fiduciary Funds - Agency Funds**December 31, 1999*

ASSETS	Traffic	Civil	Total
Cash and cash equivalents	\$ 9,210	\$ 13,629	\$ 22,839
Receivables	765	2,191	2,956
Total assets	<u>\$ 9,975</u>	<u>\$ 15,820</u>	<u>\$ 25,795</u>
LIABILITIES			
Deposits	\$ 7,255	\$ 15,820	\$ 23,075
Other payables	2,720	-	2,720
Total liabilities	<u>\$ 9,975</u>	<u>\$ 15,820</u>	<u>\$ 25,795</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Schedule of Changes in Unsettled Balances - Fiduciary Funds - Agency Funds *December 31, 1999*

	Fines, Fees & Court Cost	Civil	Total
Unsettled deposits at beginning of year	<u>\$ 9,636</u>	<u>\$ 13,963</u>	<u>\$ 23,599</u>
Additions			
Deposits:			
Civil suits	-	44,711	44,711
Fines and court costs	<u>129,685</u>	-	<u>129,685</u>
Total additions	<u>129,685</u>	<u>44,711</u>	<u>174,396</u>
Reductions			
Deposits settled to:			
Intergovernmental	71,343	-	71,343
Personnel services	-	42,173	42,173
Court cost	-	2,119	2,119
Postage	-	753	753
Transfer to general fund	<u>58,768</u>	-	<u>58,768</u>
Total reductions	<u>130,111</u>	<u>45,045</u>	<u>175,156</u>
Unsettled deposits at end of year	<u>\$ 9,210</u>	<u>\$ 13,629</u>	<u>\$ 22,839</u>