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**CITY COURT OF MORGAN CITY**  
Morgan City, Louisiana

Financial Report

For the Year Ended 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 7-26-00

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Kim P. Stansbury, Judge  
*City Court of Morgan City*  
Morgan City, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of Morgan City, a component unit of the City of Morgan City, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the City Court of Morgan City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 in the first paragraph present fairly, in all material respects the financial position of the City Court of Morgan City, as of December 31, 1999, 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 June 29, 2000 on our consideration of the City Court of Morgan City's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The year 2000 supplementary information on page 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City Court of Morgan City is or will become year 2000 compliant, the City Court of Morgan City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City Court of Morgan City does business are or will become year 2000 compliant. The other financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City Court of Morgan City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the respective general purpose financial statements taken as a whole.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 29, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups  
December 31, 1999

	Governmental Fund Types						Total (Memorandum Only) 1998
	General Fund	Special Revenue Fund		Fiduciary Fund Type		Account Group General Fixed Assets	
		DWI Special Cost Fund	Agency Funds	Agency Funds	General		
<b>ASSETS AND OTHER DEBITS</b>							
Assets:							
Cash	\$ 66,162	\$ 39,514	\$ 80,549	\$ -	\$ -	\$ 186,225	\$ 184,566
Due from other funds	14,051	200	21,221	-	-	35,472	44,525
Other Debits:							
Furniture, fixtures, and equipment	-	-	-	129,071	-	129,071	129,071
Total assets and other debits	\$ 80,213	\$ 39,714	\$ 101,770	\$ 129,071	\$ -	\$ 350,768	\$ 358,162
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>							
Liabilities:							
Accounts payable	\$ 1,999	\$ -	\$ -	\$ -	\$ -	\$ 1,999	\$ 6,739
Due to judge	-	-	1,716	-	-	1,716	1,703
Due to others	-	-	45,696	-	-	45,696	34,759
Due to other funds	174	-	35,298	-	-	35,472	44,525
Due to other governmental units	33,079	-	19,060	-	-	52,139	30,272
Total Liabilities	35,252	-	101,770	-	-	137,022	117,998
Equity and Other Credits:							
Investment in general fixed assets	-	-	-	129,071	-	129,071	129,071
Fund balances:							
Unreserved - undesignated	44,961	39,714	-	-	-	84,675	111,093
Total Equity and Other Credits	44,961	39,714	-	129,071	-	213,746	240,164
Total liabilities, equity, and other credits	\$ 80,213	\$ 39,714	\$ 101,770	\$ 129,071	\$ -	\$ 350,768	\$ 358,162

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Fund Types  
For the Year Ended December 31, 1999

	General Fund	Special Revenue Fund DWI Special Cost Fund	Total (Memorandum Only)	
			1999	1998
<b>Revenues:</b>				
Fees, charges, and commissions for services:				
Court costs, fees, and fines	\$ 84,216	\$ 2,800	\$ 87,016	\$ 90,730
Intetest income	1,301	2,701	4,002	4,838
Miscellaneous	2,871	-	2,871	500
Total revenues	<u>88,388</u>	<u>5,501</u>	<u>93,889</u>	<u>96,068</u>
<b>Expenditures:</b>				
General government:				
Operating services	67,317	-	67,317	35,469
Materials and supplies	14,848	-	14,848	30,993
Travel and other charges	4,842	-	4,842	6,355
Public Safety	-	33,300	33,300	6,355
Capital outlay	-	-	-	24,807
Total expenditures	<u>87,007</u>	<u>33,300</u>	<u>120,307</u>	<u>97,624</u>
Excess (deficiency) of revenues over expenditures	1,381	(27,799)	(26,418)	(1,556)
Fund balances, beginning	<u>43,580</u>	<u>67,513</u>	<u>111,093</u>	<u>112,649</u>
Fund balances, ending	<u>\$ 44,961</u>	<u>\$ 39,714</u>	<u>\$ 84,675</u>	<u>\$ 111,093</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

City Courts are created under the authority of LSA-RS 13:1871 et seq. The City Court of Morgan City accounts for the operation of the court's office. The following is a summary of certain significant policies:

A. Basis of Presentation

The accounting and reporting policies of the City Court of Morgan City conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

B. Financial Reporting Entity

The city court judges and marshals are independently elected officials. However, the city court is fiscally dependent on the City of Morgan City for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the city court is fiscally dependent on the city, the city court was determined to be a component unit of the City of Morgan City, the financial reporting entity. These financial statements report only the activities of the City Court of Morgan City, the component unit.

C. Fund Accounting

The accounts of the City Court of Morgan City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The funds presented in the financial statements are described as follows:

Governmental Funds -

General Fund

The general fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.



CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Financial Statements (continued)

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, fees, et cetera. Disbursements from these funds are made to various governmental agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

D. General Fixed Assets and Long-Term Obligations

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

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental fund types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Financial Statements (continued)

F. Budgetary Practice

City Courts are not required under Louisiana Revised Statute 39:1301 et seq. to adopt a budget and the City Court of Morgan City has elected not to prepare a budget. Accordingly, budgeted figures are not included in this financial report.

G. Employee Retirement Benefits

Employees of the City Court are included on the City of Morgan City and the Parish of St. Mary's payroll and participate in the same retirement systems as the employees of those entities. Additionally, fees earned from civil court cases are eligible for retirement funding in this system are the same percentages as employee payroll.

H. Total Columns on Combined Statements - Overview

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

(2) Cash

Under state law, City Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City Court may invest in certificates and time deposits of state banks organized in Louisiana. At December 31, 1999, City Court has cash balances (book balances) totaling \$186,255 as follows:

Cash on Hand	\$ 150
Demand deposits	59,422
Time deposits	<u>126,653</u>
	<u>\$ 186,225</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1999, totaled \$191,818 and are fully secured from risk by federal deposit insurance.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Financial Statements (continued)

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City Court's name. Even though the pledged securities are considered uncollateralized (Category 3) 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 City Court that the fiscal agent has failed to pay deposited funds upon demand.

(3) General Fixed Assets

The following is a summary of the changes in general fixed assets for the year:

	January 1, 1999	Additions	Deletions	Balance, December 31, 1999
Furniture, fixtures, and equipment	\$129,071	\$ -	\$ -	\$ 129,071

(4) Interfund Receivables and Payables

Details of interfund receivables and payables at December 31, 1999 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 14,051	174
Special Revenue Fund	200	-
Agency Funds:		
Fines and Costs Fund	21,047	4,307
Civil Court Fund	-	4,789
Bond Fund	174	26,202
Totals	\$ 35,472	\$ 35,472

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Financial Statements (continued)

(5) Expenditures of the City Court Office Paid by the City of Morgan City

The cost of some expenditures for the operation of the City Court of Morgan City, as required by Louisiana Revised Statute 13:1889, is paid by the City of Morgan City, Louisiana. Such expenditures are not included in the accompanying financial statements.

(6) Intergovernmental – City of Morgan City

Louisiana Revised Statutes 13:2005.B requires funds accumulated in the general fund in excess of \$50,000 to be transferred to the general fund of the City of Morgan City and shall be used for the purposes of construction and maintenance of the City Court and related facilities. The general fund realized an excess of revenues over expenditures for the year ended December 31, 1999, however the accumulated funds in the general fund do not exceed \$50,000. Accordingly, no amount is reflected as due to the City of Morgan City for accumulated excesses.

**SUPPLEMENTAL INFORMATION**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the City Court's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The City Court has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the City Court's operations and have identified such systems as being the City Court's network of computers used for financial reporting purposes.

- The City Court's system and personal computers have been assessed, remediated and tested.
- The City Court's customized software programs have been assessed, remediated and tested.

No contracted amounts are committed to these projects as of December 31, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City Court is or will be Year 2000 ready, that the City Court's remediation efforts will be successful in whole or in part, or that parties with whom the City Court does business will be year 2000 ready. The City Court is utilizing external resources to identify and test the systems for Year 2000 compliance.

**SCHEDULES OF INDIVIDUAL FUNDS**

## AGENCY FUNDS

### Fines and Costs Fund

To distribute bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

### Civil Court Fund

To account for the receipt and subsequent disbursement of civil docket fees, small claims fees, and garnishments.

### Bond Fund

To account for the collection of bonds, fines, and costs in criminal proceedings.



CITY COURT OF MORGAN CITY  
Morgan City, Louisiana  
Fiduciary Fund Type - Agency Funds

Combining Balance Sheet  
December 31, 1999

	Fines and Costs Fund	Civil Court Fund	Bond Fund	Totals	
				1999	1998
<b>ASSETS</b>					
Cash	\$ 66	\$ 48,828	\$ 31,655	\$ 80,549	\$ 76,674
Due from other funds	21,047	-	174	21,221	34,361
<b>Total assets</b>	<b><u>\$ 21,113</u></b>	<b><u>\$ 48,828</u></b>	<b><u>\$ 31,829</u></b>	<b><u>\$ 101,770</u></b>	<b><u>\$ 111,035</u></b>
<b>LIABILITIES</b>					
Due to judge	-	\$ 1,716	-	\$ 1,716	\$ 1,703
Due to others	-	40,069	5,627	45,696	34,759
Due to other funds	4,307	4,789	26,202	35,298	44,351
Due to governmental units	16,806	2,254	-	19,060	30,222
<b>Total liabilities</b>	<b><u>\$ 21,113</u></b>	<b><u>\$ 48,828</u></b>	<b><u>\$ 31,829</u></b>	<b><u>\$ 101,770</u></b>	<b><u>\$ 111,035</u></b>

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana  
Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities  
For the Year Ended December 31, 1999

	Fines and	Civil Court	Bond	Totals	
	Costs Fund			Fund	Fund
Balances, beginning of year	\$ 67	\$ 35,689	\$ 40,918	\$ 76,674	\$ 80,668
Additions:					
Deposits-					
Civil suits and garnishments	-	69,221	-	69,221	58,640
Fines and court costs	-	-	327,133	327,133	362,463
Transfers from bond fund	327,732	-	-	327,732	342,221
Total additions	327,732	69,221	327,133	724,086	763,324
 Total	 327,799	 104,910	 368,051	 800,760	 843,992
Reductions:					
Deposits settled to:					
Acadiana Criminalistic Laboratory	8,709	-	-	8,709	8,370
City Court of Morgan City					
DWI Special Cost Fund	3,400	-	-	3,400	2,250
Fines and Costs Fund	-	-	327,732	327,732	342,221
General Fund	55,853	475	-	56,328	74,754
City of Morgan City	172,892	-	-	172,892	180,501
Indigent Defender Board	39,585	-	-	39,585	42,928
Louisiana Rehabilitation Services	3,300	-	-	3,300	3,470
Judge	-	30,201	-	30,201	25,683
Judges Supplemental Compensation Fund	-	7,184	-	7,184	9,608
Marshal's Cost Fund	33,930	9,812	-	43,742	47,717
State Crime Victim's Cost Fund	3,840	-	-	3,840	4,230
Supreme Court	4,524	-	-	4,524	4,906
Other	1,700	8,410	-	10,110	6,484
Refunds	-	-	8,664	8,664	14,196
Total reductions	327,733	56,082	336,396	720,211	767,318
Balances, end of year	\$ 66	\$ 48,828	\$ 31,655	\$ 80,549	\$ 76,674

**COMPLIANCE, INTERNAL CONTROL  
AND OTHER INFORMATION**

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

The Honorable Kim P. Stansbury, Judge  
City Court of Morgan City  
Morgan City, Louisiana

We have audited the general purpose financial statements of the City Court of Morgan City, a component unit of the City of Morgan City, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 29, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City Court of Morgan City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 Court of Morgan City'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City Court of Morgan City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

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

Recommendation:

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

Response:

No response is considered necessary.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended for the information of the City Court of Morgan City. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 29, 2000

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Schedule of Findings  
For the Year Ended December 31, 1999

Part I. Summary of Auditor's Results:

An unqualified opinion was issued on the financial statements.

A reportable condition in internal control was disclosed by the audit of the financial statements and the condition is considered a material weakness.

The audit did not disclose any instances of noncompliance which are material to the financial statements.

A management letter was not issued.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

See corrective action plan for current year findings.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 1999

Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)	Planned Corrective Action/Partial Corrective Action Taken
-------------------------------------------------	------------------------	----------------------------------------------------	--------------------------------------------------------------------

Section I - Internal control and compliance material to the financial statements.

No internal control or compliance matters reported.

Section II - Management letter

No management letter items reported.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Section I - Internal control and compliance material to the financial statements.

99-1	Inadequate segregation of accounting functions.	None. The costs associated with achieving adequate segregation of accounting functions exceeds the expected benefit at current operational levels.	Kim Stansbury, Judge	N/A
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Section II - Management letter

No management letter items reported.