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# CITY COURT OF ABBEVILLE, LOUISIANA

## Financial Report

For The Year Ended December 31, 1999

Under provisions of state law, this report is a public document. It is to be made available to the public and the report is to be filed in the public records of the parish office of the Legislative Auditor, where appropriate, at the office of the parish clerk of court.

Release Date 8-9-00

## TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined balance sheet - All fund types and account groups	3
Statement of revenues, expenditures, and changes in fund balance - all governmental fund types	4
Notes to financial statements	5-8
<b>INTERNAL CONTROL AND COMPLIANCE</b>	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing</u> Standards	10-11
Schedule of Findings	12-13
Schedule of Prior Year Findings	14
Corrective Action Plan	15

## INDEPENDENT AUDITOR'S REPORT

The Honorable Roger C. Sellers, Judge  
City Court of Abbeville, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1999. These general purpose financial statements are the responsibility of the Judge of the City Court of Abbeville, Louisiana. 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 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Abbeville, Louisiana, 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 6, 2000 on our consideration of the City Court of Abbeville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed a qualified opinion on the general purpose financial statements of the City Court of Abbeville, Louisiana for the omission of required disclosures regarding year 2000 remediation efforts.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 6, 2000

CITY COURT OF ABBEVILLE, LOUISIANA

Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 1999  
 (With Comparative Totals for December 31, 1998)

	Governmental	Account Group	Total	
	Fund Type	General	(Memorandum Only)	
	General	General	1999	1998
	Fund	Fixed Assets		
<b>ASSETS</b>				
Cash	\$ 100	\$ -	\$ 100	\$ 100
Interest bearing deposits	328,446	-	328,446	283,269
Investments	51,490	-	51,490	50,591
Equipment	-	29,063	29,063	27,363
Furniture and fixtures	-	22,747	22,747	22,747
Total assets	<u>\$ 380,036</u>	<u>\$ 51,810</u>	<u>\$ 431,846</u>	<u>\$ 384,070</u>
<b>LIABILITIES AND FUND EQUITY</b>				
Liabilities:				
Accounts payable	\$ 5,081	\$ -	\$ 5,081	\$ 4,569
Due to other agencies	133,761	-	133,761	113,351
Deferred revenue	31,002	-	31,002	26,195
Total liabilities	<u>169,844</u>	<u>-</u>	<u>169,844</u>	<u>144,115</u>
Fund equity:				
Investments in general fixed assets	-	51,810	51,810	50,110
Fund balance - Unreserved, undesignated	210,192	-	210,192	189,845
Total fund equity	<u>210,192</u>	<u>51,810</u>	<u>262,002</u>	<u>239,955</u>
Total liabilities and fund equity	<u>\$ 380,036</u>	<u>\$ 51,810</u>	<u>\$ 431,846</u>	<u>\$ 384,070</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF ABBEVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 All Governmental Fund Types - General Fund  
 For the Year Ended December 31, 1999  
 (With Comparative Totals for the Year Ended December 31, 1998)

	<u>1999</u>	<u>1998</u>
Revenues:		
Court costs	\$ 165,292	\$ 136,832
Fines	68,115	71,144
Interest	10,404	9,337
Total revenues	<u>243,811</u>	<u>217,313</u>
Expenditures:		
Current -		
Salaries	10,412	9,118
Conferences and meetings	7,565	4,236
Office expenses	9,963	10,019
Telephone	4,375	4,465
Audit fees	3,100	2,800
Janitorial service	1,690	1,225
Pest control	128	96
Repair and maintenance	197	1,443
Uniforms	1,900	498
Dues and subscriptions	6,876	3,053
Payroll taxes	483	382
Computer service	3,600	3,600
Court costs -		
Indigent defender's board	36,897	32,024
City Marshall - Fees	20,006	16,158
City Marshall - Holding facility	14,040	11,515
Louisiana commission on law enforcement	3,004	2,517
City of Abbeville - Witness fees	13,660	9,943
City of Abbeville - Intoxilizer fees	2,160	1,205
Acadiana crime lab	5,808	6,440
Vermilion Parish District Attorney	1,250	3,065
Department of Public Safety	368	225
Case management information systems	2,740	2,383
Louisiana rehab services - HSCI	1,635	1,110
Court fines -		
City of Abbeville	60,271	62,595
Vermilion Parish Police Jury	7,845	8,549
Capital outlay	3,491	4,321
Total expenditures	<u>223,464</u>	<u>202,985</u>
Excess of revenues over expenditures	20,347	14,328
Fund balance, beginning	<u>189,845</u>	<u>175,517</u>
Fund balance, ending	<u>\$ 210,192</u>	<u>\$ 189,845</u>

The accompanying notes are an integral part of this statement.

# CITY COURT OF ABBEVILLE, LOUISIANA

## Notes to Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of Abbeville, Louisiana (City Court) was created under Louisiana Revised Statute 13:1872 as a political subdivision of the State of Louisiana. The Court operates under the control of the City Judge, an elected official serving a term of six years.

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

The following is a summary of certain significant accounting policies:

#### Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent upon the City Court Judge. City Court is a component of a financial reporting entity with the City of Abbeville, Louisiana being the primary government.

#### Fund Accounting

City Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating 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.

The funds are grouped in the financial statements in this report, into one generic fund type and one broad fund category as follows:

#### Governmental Fund - General Fund

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

# CITY COURT OF ABBEVILLE, LOUISIANA

## Notes to Financial Statements

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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. 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 the governmental fund type. 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. Court costs and fines are considered measurable and available when in the hands of the collecting government. Expenditures are recorded when the related fund liability is incurred.

#### Budgets and Budgetary Accounting

Annual budgets are not required nor prepared for the City Court and, therefore, no budget figures, nor comparisons of budget figures to actual are shown in this report.

#### Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost based on acquisition price of similar assets where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Estimated amounts comprise approximately 17% of total fixed assets. No depreciation has been provided on general fixed assets.

#### Salaries

Salaries include amounts paid for part-time office staff, as well as semi-annual payments to the Clerk of Court and other full-time employees. Salaries do not include amounts paid to the City Judge, City Marshall, nor the regular salaries of the Clerk of Court and other full-time employees, which are paid by the Vermilion Parish Police Jury and the City of Abbeville. Employee benefits such as retirement and health insurance are also provided by the City of Abbeville.



CITY COURT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Total Columns on Combined Statements

Total columns on the 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the 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 under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1999, the City Court had cash and interest-bearing deposits (book balances) totaling \$328,546, as follows:

Cash on hand	\$ 100
General Fund - Criminal account	169,608
General Fund - Special account	<u>158,838</u>
Total	<u>\$ 328,546</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, are secured as follows:

Bank balances	\$ 334,231
Federal deposit insurance	<u>100,000</u>
Balance uninsured	234,231
Pledged securities (Category 3)	<u>307,230</u>
Excess FDIC insurance and pledged securities	<u>\$ 72,999</u>

CITY COURT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (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 City Court's name. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by City Court that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 INVESTMENTS

Investments consist of the following certificates of deposit.

<u>Institution</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Bank of Abbeville	182 days	04/18/2000	5.00%	\$ 30,000
Gulf Coast Bank	180 days	03/17/2000	4.75%	<u>21,490</u>
				<u>\$ 51,490</u>

NOTE 4 FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 1999 follows:

	<u>Balance December 31, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 1999</u>
Equipment	\$ 27,363	\$ 3,491	\$ 1,791	\$ 29,063
Furniture and fixtures	<u>22,747</u>	<u>-</u>	<u>-</u>	<u>22,747</u>
	<u>\$ 50,110</u>	<u>\$ 3,491</u>	<u>\$ 1,791</u>	<u>\$ 51,810</u>

NOTE 5 DEFERRED REVENUE

In late 1989, the City Court instituted a policy to accept partial payments of court costs and fines. Prior to this, a sentenced individual was required to pay the assessed court costs and fines in full or serve time in jail. Due to the shortage and cost of jail facilities it was decided that a series of partial payments would be accepted until the complete court assessed fine was paid out. Collections of partial payments are deposited into a separate checking account called the "special account". The balance in this cash account at December 31, 1999 was \$158,838 consisting of approximately \$31,002 expected to be recognized as revenue in the future, \$124,006 to be disbursed to various governmental agencies, and \$3,830 representing accumulated interest earnings that have not yet been transferred to the criminal account.

**INTERNAL CONTROL AND COMPLIANCE**

Independent Auditor's 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 Roger C. Sellers, Judge  
City Court of Abbeville, Louisiana

We have audited the general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 6, 2000. We have 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 Abbeville, Louisiana's general purpose 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 general purpose 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 Abbeville, Louisiana'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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgement, could adversely affect the City Court of Abbeville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying schedule of findings as items 1999-1, 1999-2 and 1999-3.

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. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions are material weaknesses.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than those specified parties.

*Darnall, Sikes & Frederick*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 6, 2000

CITY COURT OF ABBEVILLE, LOUISIANA

Schedule of Findings  
For the Year Ended December 31, 1999

Findings Related to Internal Controls:

1999-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the City Court of Abbeville 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. However, City Court should assign accounting functions to various employees so that no one individual collects and deposits cash, performs bank reconciliations, prepares and signs checks, and maintains journals.

1999-2 Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

Finding:

City Court accepts partial payments of court fines and deposits these partial payments in a separate bank account. City Court was unable to provide a subsidiary listing by payee which reconciled to amounts on deposit in the partial payment bank account. While City Court has a system of filing receipts of partial payments that provides some detail as to the composition of the current cash balance, no effort has been made to reconcile this filing system to cash balances.

Recommendation:

City Court should establish procedures to maintain a subsidiary listing of partial payments that can regularly be reconciled to cash balances.

CITY COURT OF ABBEVILLE, LOUISIANA

Schedule of Findings (Continued)  
For the Year Ended December 31, 1999

1999-3 Timely Preparation of Bank Reconciliations and Monitoring of Outstanding Disbursements and Check Number Sequence

Finding:

Based on inquiry of City Court employees and analysis of bank reconciliations it was determined that the bank reconciliations were not being prepared on a timely basis. As a result, there was inadequate monitoring of outstanding disbursements and check number sequence.

Recommendation:

Bank reconciliations should be prepared on a monthly basis. The bank reconciliation should be reviewed by an employee other than the preparer. The reviewer should monitor and follow up on outstanding items and observe check number sequence.

CITY COURT OF ABBEVILLE, LOUISIANA

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

Prior Year Findings Related to Internal Control:

1998-1 Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 1999-1.

1998-2 Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

Status: This finding is unresolved. See current year finding 1999-2.

1998-3 Timely Preparation of Bank Reconciliation's and Monitoring of Outstanding Disbursements and Check Number Sequence

Status: This finding is unresolved. See current year finding 1999-3.



CITY COURT OF ABBEVILLE, LOUISIANA

Corrective Action Plan  
For the Year Ended December 31, 1999

Response to Findings:

1999-1 Inadequate Segregation of Accounting Functions

City Court will segregate accounting functions to the extent possible.

1999-2 Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

City Court intends to investigate the deficiencies in its system of accounting for partial payments and implement procedures to mitigate those deficiencies.

1999-3 Timely Preparation of Bank Reconciliations and Monitoring of Outstanding Disbursements and Check Number Sequence

City Court will implement the auditor's recommendations.