

INTERNAL CONTROL AND COMPLIANCE

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Our consideration of the internal control structure 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 as defined above. However, we believe the reportable conditions described above are material weaknesses.

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

Dornell, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 18, 1993

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters arising in our auditing process as significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

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.

Response:

City Court will segregate accounting functions to the extent possible.

Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Receipts

Finding:

City Court accepts partial payments of court fines and deposits those partial payments in a separate bank account. City Court was unable to provide a subsidiary listing by payee which reconciled to accounts 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 various cash balances, no effort has been made to reconcile this filing system to cash balances.

Response:

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

Computer System Failure

Finding:

City Court experienced a breakdown in its computer system in August of 1990 which required the conversion to a manual system of coding, determining of collections and disbursements. While this computer system failure had no significant effect on the ability of City Court to process and disburse collections in full payment of court costs and fines, it did result in City Court's inability to disburse funds from its partial payment account.

Response:

City Court, as of January 1992, regained the use of its computer system and has since updated its record of partial payment collections.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

CITY COURT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(4) Fixed Assets

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

	BALANCE DECEMBER 31, 1998	ADDITIONS	DELETIONS	BALANCE DECEMBER 31, 1999
Equipment	\$18,036	\$ 5,813	\$1,000	\$22,849
Furniture and fixtures	18,240	5,491	1,850	21,881
	<u>\$36,276</u>	<u>\$11,304</u>	<u>\$2,850</u>	<u>\$44,730</u>

(5) Deferred Revenue

In late 1999, the City Court instituted a policy to accept partial payments of small debts and fines. Prior to this, a delinquent 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 \$210,733 representing approximately \$22,321 expected to be recognized as revenue in the future, \$81,484 to be disbursed to various governmental agencies, and \$8,928 representing accumulated interest earnings since the inception of the account.

CITY COURT OF ARBONVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(ii) 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. As December 31, 1996, the City Court had cash and interest-bearing deposits (bank balances) totaling \$226,921, as follows:

Cash on hand	\$	100
General Fund - Criminal account		119,434
General Fund - Special account		118,752
Total		<u>\$226,921</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the remaining 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 of custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1996, are stated as follows:

Bank Balances	\$226,943
Federal Deposit Insurance	<u>100,000</u>
Balance Uninsured	126,943
Pledged Securities (Category 3)	<u>126,943</u>
Excess FDIC Insurance and Pledged Securities	<u>\$ 00,000</u>

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.

(iii) Investments

Investments consist of the following certification of deposit:

Institution	Term	Maturity Date	Interest Rate	Amount
Bank of Abbeville	182 days	4/22/97	4.75%	\$ 30,000
Gulf Coast Bank	182 days	4/22/97	4.75%	<u>18,325</u>
				<u>\$ 48,325</u>

CITY GOVT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements (Continued)

The modified accrual basis of accounting is used by the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when measurable or available (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.

D. 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.

E. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital appreciation and depreciation are reflected as expenditures in governmental funds, and the related assets are reported in the general fund assets account group. All purchased fixed assets are valued at cost whose historical records are available and at an estimated historical cost based on acquisition prices of similar assets where no historical records exist. Limited fixed assets are valued at their estimated fair market value on the date received. Estimated amounts comprise approximately 50% of total fixed assets. No depreciation has been provided on general fixed assets.

F. 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 Marshal, 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.

G. Total Columns as 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.

H. 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.

CITY COURT OF ABBEVILLE, LOUISIANA

BOOKS TO Financial Statements

(1) Summary of Significant Accounting Policies

The City Court of Abbeville, Louisiana (City Court) was created under Louisiana Revised Statute 13:1873 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 24:107 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Guide of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. 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.

B. 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.

C. 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 modified 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.

CITY COURT OF ABBEVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
 All Governmental Fund Types - General Fund
 For the Year Ended December 31, 1996
 (With Comparative Totals for the Year Ended December 31, 1995)

	1996	1995
Revenues:		
Court costs	\$126,488	\$148,957
Fines	82,460	83,395
Collective	7,333	8,288
Total Revenues	<u>216,281</u>	<u>240,640</u>
Expenditures:		
Current -		
Salaries	8,315	8,385
Conferences and meetings	2,881	2,425
Office expenses	7,348	8,591
Telephone	4,916	3,723
Judicial services	1,980	1,350
Fuel Control	66	76
Repair and maintenance	661	746
Uniforms	1,770	1,364
Books and subscriptions	1,848	2,828
Payroll taxes	973	813
Court costs -		
Indigent defendant's board	35,258	39,650
City Marshall	17,819	18,898
Louisiana commission on law enforcement	2,936	3,688
City of Abbeville - Witness fees	18,023	9,538
City of Abbeville - Incarceration fees	2,885	8,955
Madison crime lab	8,575	13,318
Bayou Lafourche District Attorney	3,488	3,797
Department of Public Safety	888	548
Data management information systems	2,371	3,885
Louisiana rehab services - 1991	2,328	3,398
Court fines -		
City of Abbeville	58,761	69,787
Bayou Lafourche Police Jury	18,688	17,967
Hopital outlay	18,006	4,608
Total expenditures	<u>286,288</u>	<u>303,201</u>
Excess of revenues over expenditures	39,383	25,342
Fund balance, beginning	<u>126,625</u>	<u>128,273</u>
Fund balance, ending	<u>\$166,008</u>	<u>\$153,615</u>

The accompanying notes are an integral part of this statement.

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CITY COURT OF ABBEVILLE, LOUISIANA

Financial Report

For The Year Ended December 31, 1986

Under provisions of State law, this report is a public document. A copy of this report will be sent without charge to the president, or president-elect, and other responsible public officials. This report is available for public inspection at the State Budget office of the Legislative Audit for and, where appropriate, at the office of the parish clerk of court.

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Release Date: _____

CITY COUNTY OF ANNEVILLE, LOUISIANA

Combined Balance Sheet
 All Fund Types and Account Groups
 December 31, 1998
 (With Comparative Totals for December 31, 1997)

	Governmental	Account Group	Total	
	Fund Type	Special	Comprehensives	Funds
	General	Fund Account	1998	1997
ASSETS				
Cash	\$ 380	\$ -	\$ 380	\$ 300
Investment bearing deposits	226,351	-	226,351	189,898
Investments	48,323	-	48,323	47,873
Equipment	-	24,547	24,547	20,836
Furniture and fixtures	-	18,899	18,899	37,960
Total assets	\$275,176	\$40,838	\$316,014	\$274,667
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 4,343	\$ -	\$ 4,343	\$ 3,403
Due to school agencies	88,386	-	88,386	71,505
Deferred revenue	28,321	-	28,321	13,892
Total liabilities	121,050	-	121,050	88,800
Fund equity:				
Investment in general fund assets	-	40,838	40,838	32,936
Fund balance:				
Unassigned, undesignated	154,126	-	154,126	152,931
Total fund equity	154,126	40,838	194,964	185,867
Total liabilities and fund equity	\$275,176	\$40,838	\$316,014	\$274,667

The accompanying notes are an integral part of this statement.