

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 1997
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

City Court of West Monroe
West Monroe, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of West Monroe, a component unit of the City of West Monroe, as of June 30, 1997 and for the six months then ended, as listed on the contents page. These general purpose financial statements are the responsibility of the City Court of West Monroe's management. 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 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 West Monroe as of June 30, 1997, and the results of its operations for the six months then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City Court of West Monroe. 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 general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued reports dated August 14, 1997, on the City Court of West Monroe's compliance with laws, regulations, and contracts, and our consideration of the entity's internal control structure.

HULSEY, HARRWOOD & CO., CPA's
A Professional Accounting Corporation

Hulsey, Harrwood & Co.

August 14, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA

FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINED BALANCE SHEET
JUNE 30, 1997

ASSETS

Assets

Cash	\$ 156,050
TOTAL ASSETS	\$ 156,050

LIABILITIES

Liabilities

Accounts payable	\$ 20
Payroll withholdings payable	30
Deposits due others	155,950
TOTAL LIABILITIES	\$ 156,050

The accompanying notes to financial statements are an integral
part of this statement.

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided for by Chapter 7 of Title 13 of the Louisiana Revised Statutes, the City Court of West Monroe has jurisdiction in all civil matters in the City of West Monroe including all of Ward Five of Ouachita Parish. The criminal jurisdiction of the court is limited to offenses committed within the city limits of West Monroe which are not punishable by imprisonment at hard labor. The city judge and city marshal are elected for six year terms.

The following is a summary of the more significant policies:

Financial Reporting Entity

As the governing authority of the city, for reporting purposes, the City of West Monroe 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.

Government Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of West Monroe 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 the 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.

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

Because the city provides the court's building, its furnishings, and pays its operating expenditures, the court was determined to be a component unit of the City of West Monroe, 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.

Fund Accounting

The court uses funds and account groups to report on financial position and results of 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 that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fund assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable, available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The court's current operations require only the use of the fiduciary fund type - agency funds. Agency funds are used to account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

The 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 for 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 WEST MONROE
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS ENDED JUNE 30, 1997

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, additions 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. The court uses the following practices in recognizing and reporting additions and reductions:

Additions

Judge's costs, marshal's fees, marshal's mileage and other court costs are recorded in the year in which they are earned.

Proceeds from sales and seizures are recognized when costs related to a sale and seizure of property are incurred.

Substantially all other additions are recognized when received by the court.

Based on the above criteria, judge's costs, marshal's fees, marshal's mileage, other court costs and proceeds from sales and seizures are treated as susceptible to accrual.

Reductions

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

Cash

Under state law, the 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 court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. As June 30, 1997, the court has cash (bank balances) totaling \$199,850.

These deposits are stated at cost, which approximates market. Under state law, these deposits, as the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. Deposit balances (bank balances) as June 30, 1997, total \$214,419 and are fully secured by federal deposit insurance and/or the pledge of securities owned by the fiscal agent bank.

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE SIX MONTHS ENDED JUNE 30, 1997

NOTE 2 - CHANGES IN AGENCY FUNDS' DEPOSITS AND OTHERS

A summary of changes in agency funds' deposits and others for the six months ended June 30, 1997, is as follows:

Balance, December 31, 1996	\$ 303,413
Additions	198,606
Reductions	<u>(208,895)</u>
Balance, June 30, 1997	\$ 293,124

NOTE 3 - JUDGE'S ACCRUED CIVIL COST FUND

Louisiana Revised Statute 13:1875(9)(c) provides that the judge of the City Court of West Monroe shall receive the same fees in civil cases as the clerks of the district courts. These fees are in addition to the judge's compensation received from the State of Louisiana, the city of West Monroe and the parish of Ouachita. However, Louisiana Revised Statute 13:1874.3(A) states that the salary of a city court judge shall in no case exceed the salary of a district court judge of the judicial district in which the city court is located. Section C of Louisiana Revised Statutes 13:1874.1 defines salary as the total annual compensation paid directly or indirectly from all sources for services as judge. These fees which have been earned by the judge of the City Court of West Monroe but which have not been paid to him because his salary from other sources is the maximum allowed by Louisiana Revised Statutes 13:1874.1, are accumulating in the Judge's Accrued Civil Cost Fund. In accordance with Opinion Number 91-472 rendered by the state Attorney General's Office in November 1991, certain operating expenditures of the court such as the judge's travel and conference expenditures and salaries and related benefits of part-time employees are paid from this fund.

NOTE 4 - EXPENDITURES OF THE CITY COURT PAID BY THE CITY OF WEST MONROE

The City Court of West Monroe is located in the city court offices which are maintained and operated by the City of West Monroe. All operating expenditures incurred by the city court including those of the city marshal's office are paid by the City of West Monroe. Those operating expenditures incurred by the City of West Monroe on behalf of the court are not included in the accompanying general purpose financial statements.

NOTE 5 - CHANGE IN ELECTED OFFICIAL

Effective December 31, 1996, the term of office of Judge Charles A. Traylor, II expired. As a result of elections held in 1996, Judge Jim Norris assumed office effective January 1, 1997.

SUPPLEMENTAL INFORMATION SCHEDULES

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA

SUPPLEMENTAL INFORMATION SCHEDULES

FIDUCIARY FUND TYPE - AGENCY FUNDS

CIVIL COURT COST FUND

The Civil Court Cost Fund accounts for advance deposits on civil suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

JUDGE'S ACCRUED CIVIL COST FUND

The Judge's Accrued Civil Cost Fund accounts for fees earned by the judge that are transferred from the Civil Court Cost Fund and are used to pay a portion of the judge's salary and other costs of operating the court.

FINES AND FORFEITURES FUND

The Fines and Forfeitures Fund accounts for the collection of bond forfeitures and the posting of cash bonds. Effective July 1, 1991, fines are remitted directly to the City of West Monroe and are accounted for by the city. Cash bonds are held until forfeited or refunded to the person posting the bond.

MARSHAL'S GARNISHMENT FUND

The Marshal's Garnishment Fund accounts for the collection of garnishments and the remittance of these funds to garnishment payees and to the city court and city marshal for costs incurred in collecting and distributing the funds.

MARSHAL'S SALES AND SEIZURES FUND

The Marshal's Sales and Seizures Fund accounts for the collection of proceeds from the sale and seizure of property and the remittance of these funds to creditors, to the marshal for costs incurred and to others for costs incurred in the sale and seizure of property.

CITY COURT OF WEST MONROE
 WEST MONROE, LOUISIANA
 FIDUCIARY FUND TYPE - AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1997

	Civil Court Cost Fund	Judge's Assessd Civil Cost Fund	Fees and Expenses	Marshal's Sales and Seizures Fund	Total Memberships Duly
Assets:					
Cash	\$ 123,012	\$ 38,756	\$ 8,838	\$ 434	\$ 170,040
Total assets	\$ 123,012	\$ 38,756	\$ 8,838	\$ 434	\$ 170,040
Liabilities:					
Accounts payable	\$ -	\$ 28	\$ -	\$ -	\$ 28
Payroll withholdings payable	-	76	-	-	76
Deposits due others	127,012	59,679	8,838	434	195,963
Total liabilities	\$ 127,012	\$ 59,766	\$ 8,838	\$ 434	\$ 196,050

The accompanying notes to financial statements are an integral
 part of this statement.

CITY COURT OF WEST MONROE
 WEST MONROE, LOUISIANA
 FIDUCIARY FUND TYPE - AGENCY FUNDS
 COMBINING SCHEDULE OF CHANGES IN DEPOSITS DUE OTHERS
 JUNE 30, 1997

	Civil Court Cost Fund	Judge's Assess Civil Cost Fund	Fees and Perquisites	Marshal's Commission Fund	Marshal's Sales and Services Fund	Total Monies due Other
Deposits due others at December 31, 1996	\$ 124,656	\$ 61,632	\$ 13,728	\$ -	\$ 387	\$ 200,403
Additions						
Funds posted	-	-	20,325	-	-	20,325
Deposits - suits and succession	77,835	-	-	-	-	77,835
Commissions	-	-	-	68,948	-	68,948
Interest earnings	-	464	-	-	-	464
Sales and services	-	-	-	-	3,098	3,098
Transfers from Civil Court Cost Fund	-	27,768	-	-	-	27,768
Total additions	<u>77,835</u>	<u>28,232</u>	<u>20,325</u>	<u>68,948</u>	<u>3,098</u>	<u>198,438</u>
Total	<u>202,491</u>	<u>89,864</u>	<u>34,053</u>	<u>68,948</u>	<u>3,485</u>	<u>398,839</u>
Reductions						
Advertising costs	-	-	-	-	458	458
Appraisals	-	-	-	-	90	90
Bonds retained	-	-	17,577	-	-	17,577
Commissionary paym'ts	-	-	-	89,927	-	89,927
Judge's costs	27,768	-	-	-	-	27,768
Judge's salary	-	13,105	-	-	-	13,105
Judge's retirement	-	1,625	-	-	-	1,625
Judge's supplemental compensation fund	9,660	-	-	-	-	9,660
Marshal's fees	9,541	-	-	4,057	865	14,463
Marshal's mileage	2,389	-	-	-	-	2,389
Salaries - part-time employees	-	414	-	-	-	414
Payroll taxes	-	40	-	-	-	40
Other court costs	7,162	-	-	343	286	7,791
Other reduction	16	2,892	-	9	-	2,917
Payments to creditors	-	-	-	-	1,360	1,360
Settlements to litigants	18,347	-	-	4,453	-	22,800
Transfers to City of West Monroe	-	-	18,648	-	-	18,648
Travel	-	12,960	-	-	-	12,960
Total reductions	<u>74,879</u>	<u>30,131</u>	<u>38,175</u>	<u>68,948</u>	<u>3,051</u>	<u>285,184</u>
Deposits due others at June 30, 1997	\$ 127,612	\$ 59,733	\$ 8,878	\$ -	\$ 434	\$ 196,627

The accompanying notes to financial statements are an integral
 part of this statement.

CITY COURT OF WEST MONROE
WEST MONROE, LOUISIANA
INDEPENDENT AUDITOR'S REPORTS REQUIRED
BY GOVERNMENT ACCOUNTING STANDARDS

The following independent auditor's reports on compliance with laws, regulations, and contracts and internal control structures are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Government's Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS, REGULATIONS AND CONTRACTS

City Court of West Monroe
West Monroe, Louisiana

We have audited the general purpose financial statements of the City Court of West Monroe, a component unit of the City of West Monroe, as of June 30, 1997, and for the six months then ended, and have issued our report thereon dated August 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditors. These standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the City Court of West Monroe, is the responsibility of the City Court of West Monroe's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City Court of West Monroe's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following instance of noncompliance, the effects of which have been considered in the June 30, 1997, financial statements of the City Court of West Monroe.

Findings

During our review of cash disbursements for the Judges Awarded Civil Cost Fund, we noted a disbursement for flowers purchased for the clerks as a Secretary's Day gift. Gifts of this nature are not permitted in that the gift violates Article 7 Section 14 of the Louisiana Constitution of 1974 as a prohibited donation of a thing of value by a political subdivision to a private person.

Recommendation:

We recommend that the City Court of West Monroe not purchase gifts for employees.

Comments:

No gifts will be purchased for employees out of the Judges Accrued Civil Court Cost Fund in the future. The gifts purchased for employees on one prior occasion will be reimbursed. It should be noted, however, that the gift for employees expenditures was pre-approved by the prior auditor.

This report is intended for the information of the City Court of West Monroe. This is not intended to limit the distribution of this report, which is a matter of public record.

FITZLEY, HARWOOD & CO., CPAs
A Professional Accounting Corporation

Linton J. Harwood & Co.
August 14, 1987



Hulsey, Harwood & Co.

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

City Court of West Monroe
West Monroe, Louisiana

We have audited the general purpose financial statements of the City Court of West Monroe, a component unit of the City of West Monroe, as of June 30, 1997, and for the six months then ended, and have issued our report thereon dated August 14, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. These standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the City Court of West Monroe is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City Court of West Monroe for the six months ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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 coming to our attention relating to 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 general purpose financial statements.

Findings:

Compensated absences for vacation leave should be recorded as a liability when earned, if the vacation time is earned on the basis of services already performed and it is probable that the vacation compensation will be paid in a future period. In the prior year, the retiring judge was paid for earned and unused vacation time, but the compensation had not been accrued as a liability when earned. By not accruing the compensation expense, the deposits due to others was overstated because there was an additional liability not recorded.

Recommendation:

We recommend that the City Court of West Monroe maintain records adequate for an accrual to be made at the entity's year end.

Response:

We will maintain records to keep account of vacation time.

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 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 tasks.

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 none of the reportable conditions described above is a material weakness.

This report is intended for the information of the City Court of West Monroe. This is not intended to limit the distribution of this report, which is a matter of public record.

HULSEY, HARWOOD & CO., CPA's
A Professional Accounting Corporation

August 14, 1997