
CITY COURT OF PORT ALLEN, LOUISIANA

Schedule of Internal Control Structure Reportable Conditions

December 31, 1996

Material Weakness

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 (invoices 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.

Further 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.

CITY COURT OF PORT ALLEN, LOUISIANA*Combined Balance Sheet - Fund Type and Account Group**December 31, 1996*

	Governmental Fund Type General	General Fund Account Group	Totals (Discretions Only)
ASSETS			
Assets			
Cash	\$ 38,084	\$ -	\$ 38,084
Equipment and leasehold improvements	-	28,337	28,337
Total Assets	\$ 38,084	\$ 28,337	\$ 66,421
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 39,210	\$ -	\$ 39,210
Deposits	15,531	-	15,531
Total liabilities	54,741	-	54,741
Fund Equity			
Investment in general fund assets	-	28,337	28,337
Fund balances:			
Unreserved, undesignated	4,343	-	4,343
Total fund equity	4,343	28,337	32,680
Total Liabilities and Fund Equity	\$ 59,084	\$ 28,337	\$ 87,421

CITY COURT OF FORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type
General Fund
For the Year Ended December 31, 1999

Revenues	
Fees and fines	\$ 181,646
Intergovernmental	<u>9,741</u>
Total revenues	<u>188,587</u>
Expenditures	
Contract	
Intergovernmental	111,132
Personal services	6,899
Travel	5,255
Deeds and subscriptions	499
Office expense and maintenance	25,900
Other fees and services	<u>42,889</u>
Total expenditures	<u>182,569</u>
Revenues (Under) Expenditures	(3,974)
Fund Balance	
Beginning	<u>8,519</u>
Ending	<u>\$ 4,545</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1996

The Court distributes a portion of all fines collected to the City. During the year ended December 31, 1996, the portion of fines collected by the Court which was available for distribution to the City totaled \$24,326. As of December 31, 1996, the Court had not distributed \$1,825 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 \$12,386 of which \$2,785 was payable at December 31, 1996.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the City Court of Port Allen, Louisiana, component unit of the City of Port Allen, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 25, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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.

Compliance with laws, regulations, contracts, and grants applicable to the City Court of Port Allen, Louisiana is the responsibility of the City Court'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 Court's compliance with certain provisions of laws, regulations, contracts and grants. 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.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

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

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

June 25, 1997

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 a matter involving the internal control structure and its operation that we consider to be a reportable condition 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 Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The matter that we consider to be a reportable condition is described in the accompanying schedule of internal control structure reportable conditions.

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 functions.

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 that the reportable condition noted is a material weakness.

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

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

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

June 25, 1997



CITY COURT OF FORT ALLEN

FINANCIAL REPORT

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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: 01/06/97



CITY COURT OF FORT ALLEN, LOUISIANA

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Letter
to the
Honorable

Members

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying general purpose financial statements 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, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Court'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 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 above present fairly, in all material respects, the financial position of the City Court of Port Allen, Louisiana as of December 31, 1996, 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 25, 1997 on our consideration of the City Court of Port Allen's internal control structure, and a report dated June 25, 1997 on its compliance with laws and regulations.

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

Proyost, Salter, Harper & Alford, L.L.C.
June 25, 1997

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT ACCOUNTING
STANDARDS**

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

We have audited the general purpose financial statements of the City Court of Port Allen, Louisiana, component unit of the City of Port Allen, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 25, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Accounting 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.

The management of the City Court of Port Allen, Louisiana 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 Port Allen, Louisiana, for the year ended December 31, 1996, 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

CITY COURT OF PORT ALLEN, LOUISIANA

*Notes to Financial Statements, Continued**December 31, 1996***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 (504) 922-0680.

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 12.4% 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, 1996, 1995, 1994, were \$2,119, \$2,239, \$1,906, respectively, and were equal to the required contributions for each year.

5. Related Party Transactions

The City of Port Allen, Louisiana incurs expenditures on behalf of the Court. These expenditures include compensation to Court personnel, including related pension cost. During the year ended December 31, 1996, the City paid the following expenditures on behalf of the Court, all of which are not included in the accompanying financial statements.

	<u>December 31,</u> <u>1996</u>
Personnel services	\$ 48,579
Other services and supplies	6,528
	<u>\$ 55,107</u>

CITY COURT OF PORT ALLEN, LOUISIANA

*Notes to Financial Statements, Continued**December 31, 1996*

Budgets. Due to its size, the Court is not legally required to prepare a budget.

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.

2. Cash

At year end, the carrying amount of the Court's cash was \$30,000 and the bank balance was \$38,838. 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, 1995	Additions	Deletions	Balance December 31, 1996
Equipment	\$ 22,370	\$ -	\$ -	\$ 22,370
Leasehold improvements	4,967	-	-	4,967
	<u>\$ 27,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,337</u>

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, Continued

December 31, 1998

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 aggregating 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 Fund Assets Account Group. The general fund assets account group is used to account for all Court general fund assets.

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 Fund Assets. General fund 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 Fund Assets Account Group.

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

Deposits. Deposits represent collection of suit deposits and fines and/or judgments, prior to sentencing or performance of services. These deposits will be recognized as revenue upon sentencing or performance of services or will be refunded to the plaintiff or defendant.

CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

December 31, 1998

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 most 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 financially 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 provide 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.