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THE CITY COURT OF THE CITY OF FRANKLIN, LOUISIANA  
STATE OF LOUISIANA

Annual Component Unit Financial Statements  
with Independent Auditor's Report  
and  
Independent Auditor's Reports on Internal Control Structure,  
and Compliance

For the Year Ended June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, freely and other appropriate public officials. This 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 **FEB 25 1998**

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Independent Auditors' Report

Honorable Terry G. Brown, Judge  
The City Court of the City of Franklin, Louisiana  
Franklin, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of the City of Franklin, a component unit of the City of Franklin, as of June 30, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City Court of the City of Franklin'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 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 presents fairly, in all material respects, the financial position of the City Court of the City of Franklin, Louisiana as of June 30, 1997, 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 December 4, 1997 on our consideration of the City Court of the City of Franklin's internal control structure and a report dated December 4, 1997 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information identified 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 the City of Franklin. 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.

December 4, 1980



CERTIFIED PUBLIC ACCOUNTANTS

CITY COURT OF  
THE CITY OF FRANKLIN, LOUISIANA

CURRENT BALANCE SHEET - ALL FUNDS, FUND BALANCE AND ACCOUNT GROUPS  
JUNE 30, 1987

With Comparative Data for the Year Ended June 30, 1986

	Governmental	Proprietary Funds		Enterprise Group	Totals	
	Fund Type	Income	General		(Miscellaneous	
	City Court	Support	Agency	Fund	1987	1986
	Fund	Fund	Fund	Assets		
<b>ASSETS</b>						
Cash					\$2,000	\$11,303
Accounts receivable (net of allowance for uncollectibles)	\$21,000	\$20,000			41,000	26,000
Due from City Court Fund	10,000		\$10,000		20,000	15,000
Due from Enterprise Support Fund	3,000				3,000	1,000
Due from employees					0	0
Due from deposits		500			500	500
Fund assets				\$17,000	21,300	28,000
<b>TOTAL ASSETS</b>	<b>\$34,000</b>	<b>\$20,500</b>	<b>\$10,000</b>	<b>\$17,000</b>	<b>\$119,500</b>	<b>\$116,000</b>
<b>LIABILITIES AND FUND EQUITY</b>						
Liabilities						
Accounts payable	\$5,000	\$7,000			\$12,000	\$11,000
Due to Agency Fund	10,000				10,000	15,000
Due to deposits		10,000			10,000	14,000
Due to other government units			10,000		10,000	10,000
Due to City Court Fund		3,000			3,000	1,000
<b>Total liabilities</b>	<b>\$15,000</b>	<b>\$17,000</b>	<b>\$10,000</b>		<b>\$45,000</b>	<b>\$51,000</b>
Fund equity:						
Investments in general fund assets				\$17,000	17,000	28,000
Fund balance	42,000				42,000	37,000
<b>Total Fund Equity</b>	<b>42,000</b>			<b>\$17,000</b>	<b>\$59,000</b>	<b>\$65,000</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$57,000</b>	<b>\$17,000</b>	<b>\$10,000</b>	<b>\$17,000</b>	<b>\$119,500</b>	<b>\$116,000</b>

The accompanying notes are an integral part of these financial statements.

CITY COURT OF  
THE CITY OF FRANKLIN, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
CITY COURT FUND  
(The Entity's Only Governmental Fund)

Year Ended June 30, 1997  
With Comparative Data for the Year Ended June 30, 1996

	1997	1996
<b>REVENUES:</b>		
Charges for Services	\$37,100	\$28,159
Other Revenue	1,239	364
<b>TOTAL REVENUES</b>	<b>38,339</b>	<b>28,523</b>
<b>EXPENDITURES:</b>		
Salary Expense	8,940	8,484
Maintenance & Repairs	1,865	1,728
Office Expense	3,351	2,712
Travel & Seminars	5,326	1,560
Office Supplies & Postage	2,017	1,181
Grant to Marshall Fund	4,000	
Capital Outlay	7,915	10,971
<b>TOTAL EXPENDITURES</b>	<b>33,214</b>	<b>24,666</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>5,125</b>	<b>3,857</b>
<b>FUND BALANCES, BEGINNING</b>	<b>37,400</b>	<b>33,663</b>
<b>FUND BALANCES, ENDING</b>	<b>\$42,525</b>	<b>\$37,520</b>

The accompanying notes are an integral part of these financial statements.

## CITY COURT OF THE CITY OF FRANKLIN

Notes to the Financial Statements  
June 30, 1997

### NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of the City of Franklin was created by Louisiana Revised Statute 33:2488.1. The Court covers the territorial jurisdiction throughout Ward Three of St. Mary Parish and the City of Franklin. The Court is responsible for collecting all fines, forfeitures, penalties, and costs assessed.

The financial statements of the Court 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 standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Court's accounting policies are described below.

#### A. Reporting Entity

In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth in GAAP:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition of will
- d. Fiscally dependent

The City of Franklin provides facilities in which the Court operates and has approval authority over certain expenditures made by the Court. Based upon the above criteria, the Court is a component unit of the City of Franklin (the primary government).

These financial statements includes only the operations of the Court.

#### B. Fund Accounting

The 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.

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

The Court's current operations require the use of three funds and one account group, the general fixed assets account group.

**Governmental Fund**

**General Fund**

The City Court Fund is the primary operating fund of the Court. The Court's primary operations include the accounting for the collection and ultimate disposition of fines imposed and bonds posted by citizens who have been issued citations for civil offenses to include traffic violations and other misdemeanors. All financial resources of the Court, other than described in the following paragraph, are accounted for in this fund, since at the current time no other funds are required.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held on behalf of outside parties or on behalf of other funds of the Court. Agency funds generally are used to account for assets that the Court holds on behalf of others as their agent. The Court's Fiduciary funds consist of the General Agency Fund and the Advance Deposit Fund.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and agency 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.



**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 transactions 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.

The following is a summary of the Court's recognition policies for its major revenue sources:

Taxes are recorded in the year they are assessed.

Interest income on investments is recorded when the investments have matured and the income is available.

**D. Budgets**

The Court is not required to and did not adopt a budget.

**E. Cash and Cash Equivalents**

The Court is prohibited by law to invest its funds in certain banks and other financial institutions located within the state. They may also invest in certain government backed securities.

For financial statement purposes, cash and cash equivalents include demand deposits, money market accounts, and/or certificates of deposit.

Cash and cash equivalents are stated at cost, which approximates market.

**F. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets are valued at cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**NOTE 1 - DESCRIPTION OF ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets in the general fixed assets account group are not depreciated.

**G. Memorandum Only - Total Columns**

Total columns on the financial 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, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are 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. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At year end, the carrying amount of the District's cash and cash equivalents was \$62,866 and the bank balance was \$92,481. All bank balances were covered by Federal depositary insurance.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Receivable for fees and court costs were \$15,798. The City court maintains an allowance for uncollectibles for all fees and court costs believed to be uncollectible. As of June 30, 1997 the total amount of fees receivable totaled \$27,900 and the allowance for doubtful accounts totaled \$12,102.

**NOTE 4 - FIXED ASSETS**

A summary of changes in general fixed assets for the six months ended June 30, 1997, follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Equipment	\$21,454	\$7,311	—	\$28,765
Total	\$21,454	\$7,311	—	\$28,765

**NOTE 5 - DUE TO OTHER GOVERNMENTS**

The amounts due to other governmental units at June 30, 1997, consists of the following:

**General Agency Fund**

Marshal's Fund	\$1,320
City of Franklin	7,430
St. Mary Parish Council	795
District Attorney	94
State Treasurer	86
La. Law Enforcement Commission	104
LRS-HSCI Trust Fund	52
Total	\$11,881

**NOTE 6 - RISK MANAGEMENT**

The City Court of Franklin is exposed to various risks of loss related to torts, theft, damage to assets, errors and omissions, injuries to employees and natural disasters. The City Court has commercial insurance to protect against substantially all losses from these perils. There were no significant reductions in insurance coverages from prior years.

Note 3 - RELATED PARTY TRANSACTIONS

During the year the City Court granted the Marshall's Fund of the City of Franklin \$4,000 for the deployment on a vehicle for the Marshall. This amount is recorded as a Grant to the Marshall's Fund on the City Court's books.

## SUPPLEMENTARY INFORMATION

CITY COURT OF  
THE CITY OF FRANKLIN, LOUISIANA

SCHEDULE OF SALARY PAYMENTS  
For the Year Ended June 30, 1997

Receipts:

Reimbursements from the City of Franklin	\$18,858
Reimbursements from St. Mary Parish	<u>3,927</u>
Total Receipts	<u>\$22,785</u>

Expenditures:

Salaries	<u>\$20,355</u>
Total Expenditures	<u>\$20,355</u>

CITY COURT OF  
THE CITY OF FRANKLIN, LOUISIANA  
SCHEDULE OF ACCOUNTS RECEIVABLE  
as of

	June 30, <u>1996</u>	December 31, <u>1996</u>	June 30, <u>1997</u>
Gross Receivables	\$68,594	\$54,772	\$27,498
Allowance	(13,820)	(22,578)	(12,534)
Net Receivable	<u>\$54,774</u>	<u>\$32,194</u>	<u>\$14,964</u>

INDEPENDENT AUDITORS' REPORTS ON INTERNAL CONTROL, STRUCTURE,  
AND COMPLIANCE





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

Honorable Terry G. Brouss, Judge  
The City Court of the City of Franklin, Louisiana  
Franklin, Louisiana

We have audited the general purpose financial statements of the City Court of the City of Franklin, a component unit of the City of Franklin, for the year ended June 30, 1997 and have issued our report thereon dated December 4, 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. 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 the City of Franklin 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 the City of Franklin for the year 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and irregularities in accounts 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

A similar report issued by us dated October 15, 1996 for the year ended June 30, 1996 contained one material weakness in internal control. This condition was corrected during the current year.

This report is intended solely for the use of the Judge of the Court, the City of Franklin, the Finance Committee of the St. Mary Parish Council and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

  
CERTIFIED PUBLIC ACCOUNTANTS

December 4, 1997



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

Honorable Terry G. Brown, Judge  
The City Court of the City of Franklin, Louisiana  
Franklin, Louisiana

We have audited the general purpose financial statements of the City Court of the City of Franklin, a component unit of the City of Franklin, as of and for the year ended June 30, 1997, and have issued our report thereon dated December 4, 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City Court of the City of Franklin is the responsibility of the City Court of the City of Franklin's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City Court of Franklin'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 solely for the use of the Judge of the Court, the City of Franklin, the Finance Committee of the St. Mary Parish Council and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

December 4, 1997