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CITY COURT OF ABBEVILLE, LOUISIANA

Financial Report

For The Year Ended December 31, 1987

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Release Date 1988 R. P. 1988

TABLE OF CONTENTS

	Page
Independent Auditor's Report	i
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined balance sheet - All fund types and account groups	3
Statement of revenues, expenditures, and changes in fund balance - All governmental fund types	3
Notes to financial statements	4-7
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	9-20
Schedule of Findings	21
Schedule of Prior Year Findings	22
Corrective Action Plan	23



1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
14	14
15	15
16	16
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Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

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

1/16/2010 10:00 AM
Page 001 of 0001

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, 1997. 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. 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. 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, 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 June 6, 1998 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 reports for that year in which we expressed an unqualified opinion on the financial statements of the City Court of Abbeville, Louisiana.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 4, 1998

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Page 001 of 0001

CITY COURT OF ARREVILLE, 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	General Fixed Assets	December 31, 1999	1998
ASSETS				
Cash	\$ 180	\$ -	\$ 180	\$ 180
Interest bearing deposits	237,492	-	237,492	226,751
Investments	68,830	-	68,830	68,735
Equipment	-	26,124	26,124	26,557
Prepays and Expenses	-	12,762	12,762	16,299
Total assets	\$287,428	\$46,871	\$334,299	\$318,512
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 2,838	\$ -	\$ 2,838	\$ 4,341
Due to other agencies	60,750	-	60,750	68,980
Deferred revenue	18,500	-	18,500	20,177
Total liabilities	\$82,088	-	\$82,088	\$93,508
Fund equity:				
Investment in general fixed assets	-	46,871	46,871	40,826
Fund balance -				
Unreserved, undesignated	275,313	-	275,313	262,828
Total fund equity	\$275,313	\$46,871	\$322,184	\$303,654
Total liabilities and fund equity	\$287,428	\$46,871	\$334,299	\$318,004

The accompanying notes are an integral part of this statement.

CITY OF ABBEVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance
 All Governmental Fund Types - General Fund
 For the Year Ended December 31, 1997
 (With Comparative Totals for the Year Ended December 31, 1996)

	1997	1996
Revenues:		
Court costs	\$17,000	\$126,808
Fines	89,148	87,468
Interest	8,381	7,913
Total Revenues	<u>114,529</u>	<u>222,189</u>
Expenditures:		
Current:		
Salaries	10,883	8,715
Conferences and meetings	4,489	2,881
Office expenses	8,171	7,148
Telephone	4,417	4,955
Janitorial service	1,600	1,380
Post Control	96	64
Repair and maintenance	1,856	661
Uniforms	7,481	1,786
Books and subscriptions	3,154	1,848
Payroll taxes	337	321
Computer services	2,700	-
Court costs -		
Indigent defendant's board	38,723	35,852
City Marshall - Fees	21,099	17,959
City Marshall - Holding Facility	9,910	-
Louisiana commission on law enforcement	1,506	2,816
City of Abbeville - Witness fees	14,518	10,923
City of Abbeville - Incarcerator Fees	1,868	2,863
Sanitation water lab	12,888	8,979
Verillion Parish District Attorney	1,843	3,483
Department of Public Safety	600	800
Case management information systems	1,092	1,271
Louisiana rehab services - HSSI	1,313	1,518
Court Costs -		
City of Abbeville	68,573	58,768
Verillion Parish Police Jury	19,987	18,899
Capital outlay	14,183	18,014
Total expenditures	<u>282,433</u>	<u>299,768</u>
Excess of revenues over expenditures	14,499	18,383
Fund balance, beginning	<u>161,808</u>	<u>138,475</u>
Fund balance, ending	<u>\$175,517</u>	<u>\$161,858</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The City Court of Abbeville, Louisiana (City Court) was created under Louisiana Revised Statute 18:1873 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 24:513 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 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.

CITY COURT 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 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.

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 as shown in this report.

E. Fixed Assets

General fixed assets are not capitalized on the funds used to acquire or construct them. Instead, capital acquisitions 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. Depreciated fixed assets are valued on their estimated fair market value on the date received. Estimated amounts comprise approximately 30% 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 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.

G. 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.

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 GOVT OF MONROE, LOUISIANA

Notes to Financial Statements (Continued)

(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, 1997, the City Court had cash and interest-bearing deposits (bank balances) totaling \$257,792, as follows:

Cash on hand	\$	100
General Fund - Central account		242,792
General Fund - Special account		89,899
Total		<u>\$257,792</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (so the depositing 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, 1997, are secured as follows:

Bank Balances	\$243,129
Federal Deposit Insurance	<u>144,680</u>
Balance Uninsured	143,129
Pledged Securities (Category 1)	<u>120,120</u>
Excess FDIC Insurance and Pledged Securities	<u>\$176,570</u>

Pledged securities in Category 1 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 1), 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.

(3) Investments

Investments consist of the following certificates of deposit.

Investment	Term	Maturity Date	Interest Rate	Amount
Bank of Abbeville	361 days	4/21/98	5.00%	\$ 20,000
Gulf Coast Bank	360 days	3/28/98	5.00%	52,500
				<u>\$ 72,500</u>

CITY COURT OF ANSHVILLE, LOUISIANA

Notes to Financial Statements (Continued)

(4) Fixed Assets

A summary of changes in general fixed assets for the year ended December 31, 1997 follows:

	BALANCE DECEMBER 31, 1996	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31, 1997
Equipment	\$14,947	\$ 7,427	\$ 4,258	\$18,116
Furniture and fixtures	14,381	8,156	1,268	21,269
	<u>\$29,328</u>	<u>\$15,583</u>	<u>\$5,526</u>	<u>\$49,385</u>

(5) Deferred Revenue

In late 1999, 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 system 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, 1997 was \$79,099 consisting of approximately \$18,500 expected to be recognized as revenue in the future, \$74,012 to be disbursed to various governmental agencies, and \$7,580 representing accumulated interest earnings that have not yet been transferred to the criminal account.

INTERNAL CONTROL AND COMPLIANCE



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Independent Auditor's Report
on Compliance with
Government Auditing Standards
for the Year Ended December 31, 1990
City of Abbeville, Louisiana
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Darnall, Sikes & Frederick

Independent Auditor's Report

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 set and for the year ended December 31, 1990, and have issued our report thereon dated June 5, 1991. 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 judgment, 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 1987-1 and 1987-2.

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

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
June 8, 1998

CITY COURT OF ABBEVILLE, LOUISIANA

Schedule of Findings
For the Year Ended December 31, 1997

Findings Related to Internal Controls:

1997-1 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 desirable 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.

1997-2 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 paper 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 ARSENVILLE, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended December 31, 1987

Prior Year Findings Related to Internal Control:

1986-1 Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 1987-1.

1986-2 Reconciliation and Maintenance of Subsidiary Detail of Certified Payment Deposits

Status: This finding is unresolved. See current year finding 1987-2.

1986-3 Computer System Failures

Status: Resolved.

CITY COURT OF ARMYVILLE, LOUISIANA
Corrective Action Plan
For the Year Ended December 31, 1997

Response to Findings:

1997-2 Inadequate Segregation of Accounting Functions

City Court will segregate accounting functions to the extent possible.

1997-3 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.