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Financial Report
City Court of Morgan City, Louisiana
December 31, 1997

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December 31, 1997

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Honorable Kim P. Stansbury, Judge,
City Court of Morgan City,
Morgan City, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of Morgan City, Louisiana (the Court) as of and for the year ended December 31, 1997, 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 the standards applicable to financial audits contained in *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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Morgan City, 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 our report dated May 25, 1998, on our consideration of the Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information presented in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. 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 stated in all material respects, in relation to the general purpose financial statements taken as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
May 25, 1998.

**COMBINED BALANCE SHEET -
ALL FUNDS TYPES AND ACCOUNT GROUP**

City Court of Morgan City, Louisiana

December 31, 1997

	Governmental Fund Type		Proprietary Fund Type				Account Group Special Fund Assets	Total (Governmental Only)
	Capital Fund Construction and Maintenance Fund	Special Revenue Fund CDBG Special Use Fund	Street and Clean Fund	Utility Fund	Agency Fund	Trust Fund		
Assets and Other Debits								
Assets								
Cash	\$ 48,771	\$ 44,200	\$ 40	\$ 14,260	\$ 48,214	\$ 35,640	\$ 197,125	\$ 435,125
Due from other funds	25,444	651	12,070		154	26,421		64,710
Other Debits							\$ 36,244	36,244
Contract fund assets								
Total assets and other debits	\$ 74,215	\$ 44,851	\$ 52,070	\$ 14,260	\$ 48,368	\$ 62,061	\$ 364,244	\$ 1,000,194
Liabilities, Fund Equity and Other Credits								
Liabilities								
Accounts payable and accrued expenses	\$ 14,230							\$ 14,230
Due to other funds	114		\$ 1,405	\$ 5,264	\$ 6,640	\$ 14,489		23,812
Due to other governmental units	5,484		14,260	1,704		16,687		37,435
Due to judge				3,111		1,133		4,244
French debt					6,441	1,441		7,882
Expenses held				14,260		21,558		35,818
Total liabilities	19,828		15,665	14,260	49,485	39,765		139,999
Fund Equity and Other Credits								
Insurance in progress							\$ 104,266	104,266
Fund balances	50,000	\$ 34,400						84,400
Trust fund equity and other credits	50,000	10,451					104,266	264,717
Reserves, Contingency and other credits	\$ 13,484	\$ 10,451	\$ 18,708	\$ 14,260	\$ 49,484	\$ 100,450	\$ 194,266	\$ 396,603

See notes to financial statements.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND TYPES**

City Court of Morgan City, Louisiana

For the year ended December 31, 2007

	General Fund Operations and Maintenance Fund	Special Revenue Fund DVA Special Care Fund	Total (Miscellaneous Only)
Revenues			
Court's share of fees assessed	\$ 44,351		\$ 44,351
Probation fees	14,392		14,392
Court costs	2,400	\$ 2,000	4,400
Traffic ticket fees	2,628		2,628
Interest earned	1,853	485	2,338
Miscellaneous	1,837		1,837
Total revenues	66,661	2,485	69,146
Expenditures			
General Government:			
Automobile expenses	285		285
Books and journals	1,789		1,789
Clerical assistance	2,345		2,345
Conventions and conferences	1,000		1,000
Dues and subscriptions	992		992
Insurance	189		189
Judge's retirement	2,837		2,837
Maintenance and repairs	1,671		1,671
Miscellaneous	170		170
Office supplies	6,030		6,030
Probation office	10,442		10,442
Postage	2,385		2,385
Professional fees	15,645		15,645
Telephone	4,839		4,839
Transfers to City of Morgan City	7,846		7,846
Capital expenditures	1,115		1,115
Total expenditures	61,508		61,508
Excess of Revenues Over Expenditures	5,153	2,485	7,640
Fund Balances			
Beginning of year	44,815	60,204	105,019
End of year	\$ 50,008	\$ 62,689	\$ 112,640

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**City Court of Morgan City, Louisiana**

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of Morgan City accounts for the operations of the Court's office. The Court employee salaries are funded by the St. Mary Parish Council and the City of Morgan City. The Judge's salary is funded by the State of Louisiana, City of Morgan City and St. Mary Parish Council.

The accounting policies of the City Court of Morgan City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

a. Fund Accounting

The accounts of the City Court are organized on the basis of funds and account group, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds in the financial statements in this report are grouped into two broad fund categories as follows:

Governmental Fund Types**General Fund**

Operations and Maintenance Fund - The Operations and Maintenance Fund is used to account for all financial resources of the Court except those required to be accounted for in other funds.

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Fund Accounting (Continued)

Special Revenue Fund

DWI - Special Cost Fund - The DWI Special Cost Fund assesses special cost against persons operating vehicles while intoxicated or under the influence of drugs. The Court uses these funds to defray the cost of agencies or persons administering substance abuse programs and driver improvement programs and the related additional administrative cost as part of probation for the offenders.

fiduciary Fund Types

Agency Funds

Fines and Cost Fund - The Fines and Cost Fund is used to account for fines and costs collected for and payable to the City of Morgan City, St. Mary Parish Council, Operations and Maintenance Fund, Jail Maintenance Fund, Academics Criminalistic Laboratory, Indigent Defender Board, Marshal's Cost Fund, State - Crime Victims Cost Fund and DWI Special Cost Fund.

Civil Court Fund - The Civil Court Fund is maintained to account for deposits and garnishments received from litigants.

Bond Fund - The Bond Fund is maintained to account for bonds deposited with the Court.

b. Fixed Assets

The accounting and reporting treatment applied to the fixed assets are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally reported on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fixed Assets (Continued)

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on general fixed assets. Fixed assets are stated at historical cost.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

All Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Miscellaneous revenues are recorded as revenues when received in cash by the Court. Charges for services are recorded when earned since they are measurable and available.

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

c. Budgets and Budgetary Accounting

City Courts are not required under state statutes to adopt a budget. The City Court of Morgan City has elected not to prepare an annual budget.

d. Employee Retirement Benefits

Employees of the Court are included on the City of Morgan City and St. Mary's Parish payroll and participate in the same retirement system as the City of Morgan City and St. Mary's Parish employees. In addition, fees earned from Civil Court cases are eligible for retirement funding in this system at the same percentages as employee payroll.

e. Vacation and Sick Leave

Vacation and sick leave benefits are paid by the City of Morgan City and St. Mary Parish.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Total Columns on Combined Statements - Overview

The 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. Interfund eliminations have not been made in the aggregation of this data.

g. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - CASH AND CASH EQUIVALENTS

At December 31, 1997, the Court has cash and cash equivalents (bank balances) totaling \$191,424, as follows:

Cash on hand	\$ 200
Demand deposits	31,354
Interest-bearing demand deposits	<u>159,870</u>
Total	<u>\$191,424</u>

These deposits are stated at cost, which approximates market value. Under state law these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agency 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. At various times during 1997 deposits in excess of Federal deposit insurance were collateralized by such pledged securities (CLASS Category 3).

Note 3 - CASH AND CASH EQUIVALENTS (Continued)

At December 31, 1997, the Court has \$191,224 in deposits (collected bank balances). All of these deposits are secured from risk by federal deposit insurance.

Even though the pledged securities referred to above are considered uncollateralized (Category 2) under the provisions of GASB Statement 3, Louisiana Revised Statute 35:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities, within 90 days of being notified by the Court that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - GENERAL FIXED ASSETS ACCOUNT GROUP

The following is a summary of the changes in the general fixed assets account group during the year:

	January 1, 1997	Additions	Retirements	Balance, December 31, 1997
Furniture, fixtures and equipment	\$184,264	\$1,115	\$ 1,142	\$184,264
Automobile	28,081	—	28,081	—
Totals	\$212,345	\$1,115	\$29,223	\$184,264

Note 4 - INTERFUND RECEIVABLE AND PAYABLE BALANCES

Details of interfund receivable and payable at December 31, 1997 follow:

Individual Fund	Interfund Receivable	Interfund Payable
General Fund	\$25,381	\$ 374
Special Revenue Fund	650	—
Agency Funds:		
Fines and Cost Fund	28,653	5,435
Civil Court Fund	—	5,824
Bond Fund	121	13,645
Totals	\$54,765	\$24,378

Note 5 - DUE TO OTHER GOVERNMENTAL UNITS

At December 31, 1997, due to other governmental units were as follows:

	<u>Operations and Maintenance Fund</u>	<u>Fines and Cost Fund</u>	<u>Civil Court Fund</u>	<u>Totals</u>
Police Subpoena Fund		\$ 900		\$ 900
Law Enforcement Training		396		396
City of Morgan City	\$7,446	12,754		20,200
Academy Criminologic Laboratory		666		666
Judicial Defender Board		1,465		1,465
Marshall's Cost Fund		2,970	\$ 905	3,875
State-Judges Supplemental Compensation Fund			496	496
State-Crime Victim's Cost Fund		435		435
Other	_____	1,627	253	1,880
Totals	\$7,446	\$20,301	\$1,224	\$28,423

Note 6 - INTERGOVERNMENTAL - CITY OF MORGAN CITY

Louisiana Revised Statute 13:2005.11 requires funds accumulated in the Operations and Maintenance Fund in excess of \$50,000 to be transferred to the General Fund of the City of Morgan City and shall be used for the purpose of construction and maintenance of the City Court facilities, etc. The Operations and Maintenance Fund recorded \$7,446 due to the City of Morgan City at December 31, 1997 for funds accumulated in excess of \$50,000.

SUPPLEMENTARY DATA

**STATEMENT OF CASH RECEIPTS AND
DISBURSEMENTS - FINES AND COSTS FUND**

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Cash Balance, January 1, 1997	\$ 86
Receipts	
Transfers from Bond Fund	290,762
To be accounted for	290,848
Disbursements	
Transfers of fines and costs to:	
City of Morgan City	145,879
Operations and Maintenance Fund	47,781
Academy Criminological Laboratory	6,378
Indigent Defender Board	37,345
Marshall's Cost Fund	32,018
State's Crime Victim's Cost Fund	4,490
DWI - Special Cost Fund	2,700
Department of Public Safety	1,350
Louisiana Kebab Services	2,823
Prosecutor's Fund	8,536
Other	4,269
Total disbursements	290,763
Cash Balance, December 31, 1997	\$ 85

**STATEMENT OF CASH RECEIPTS AND
DISBURSEMENTS - CIVIL COURT FUND**

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Cash Balance, January 1, 1997	\$ 21,282
Receipts	
Deposits and garnishments received from litigants	52,099
To be accounted for	73,291
Disbursements	
Deposits refunded	2,858
Cost paid to:	
Judge	18,998
Marshal	3,848
Marshal's Cost Fund	1,543
Retirement - Judge's Supplemental Compensation Fund	3,709
Others	6,006
Total disbursements	43,002
Cash Balance, December 31, 1997	\$ 31,289

**STATEMENT OF CASH RECEIPTS AND
DISBURSEMENTS - BOND FUND**

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Cash Balance, January 1, 1997	\$ 28,652
Receipts	
Appearance bonds, fines and costs and probation fees collected	351,038
Transfers from operations and maintenance fund	2,250
To be accounted for	361,940
Disbursements	
Transfers to Fines and Costs Fund	282,762
Refunds of appearance bonds	19,864
Total disbursements	302,626
Cash Balance, December 31, 1997	\$ 48,314

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Comptroller General

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF GENERAL PURPOSES FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Kim P. Sinsbury, Judge,
City Court of Morgan City,
Morgan City, Louisiana.

We have audited the general purpose financial statements of the City Court of Morgan City, State of Louisiana, (Court) as of and for the year ended December 31, 1993, and have issued our report thereon, dated May 25, 1998. We 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 Court's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of 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 audits, we considered the City Court of Morgan City, State of 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. Our consideration of the internal

control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City Court of Morgan City, Louisiana, in a separate letter dated May 23, 1998.

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

Bourgeois Bennett, LLC.

Certified Public Accountants

New Orleans, La.,
May 25, 1998.

SCHEDULE OF FINDINGS

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Section I Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness Yes No

Non compliance material to financial statements noted? Yes No

b) Federal Awards

The City Court of Morgan City, Louisiana did not receive federal awards during the year ended December 31, 1997.

c) Management Letter

A management letter was issued in connection with the audit for the year ended December 31, 1997.

Section II Financial Statement Findings

No financial statement findings material to the general purpose financial statements were reported during the year ended December 31, 1997.

Section III Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No reportable conditions material to the general purpose financial statements were reported during the year ended December 31, 1996.

Compliance

No compliance findings material to the general purpose financial statements were reported during the year ended December 31, 1996.

Section II Internal Control and Compliance Material To Federal Awards

The City Court of Morgan City, Louisiana, did not receive federal awards during the year ended December 31, 1996.

Section III Management Letter

A management letter was issued in connection with the audit for the year ended December 31, 1996 in which the following items were discussed:

1996-1 Court Appointed Probation Officer

Recommendation - The probation officer became an employee of the Court and the probation fees collected reported as revenue.

Management's Response - Fees collected would be deposited and the probation officer paid by the City Court through January 1998, at which time he would become an employee of the City of Morgan City, Louisiana. Beginning February 1, 1998, any and all fees collected by the probation officer will be deposited into a separate probation account maintained by the City Court and turned over to the City of Morgan City, as per an agreement between the City Court and the Mayor and Council of the City of Morgan City, Louisiana.

Section III Management Letter (Continued)

1996-1 (Continued)

Status - Resolved

1996-2 Due to Other Funds

Recommendation - General Fund transfer the amounts due.

Status - Resolved.

1996-3 Due to the City of Morgan City

Recommendation - Court pay City amount due.

Status - Resolved.

1996-4 Disbursement of Fees and Costs

Recommendation - Reconcile outstanding bonds listing to general ledger on a monthly basis.

Status - Resolved.

1996-5 Bonds and Deposits Held

Recommendation - Reconcile detail listings of bonds held in the Bond Fund and deposits held in the Civil Fund to the respective general ledger account balances on a monthly basis.

Status - Bonds held in the Bond Fund and small claims deposits held in Civil fund were resolved.

Deposits in the Civil Fund for civil dockets were not in balance by approximately \$189 at December 31, 1997. This item is included in our management letter dated May 25, 1998 for the year ended December 31, 1997.

MANAGEMENT'S CORRECTIVE ACTION PLAN

City Court of Morgan City, Louisiana

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General Purpose Financial Statements

Internal Control

No material weaknesses were reported for the year ended December 31, 1997.
No reportable conditions were reported for the year ended December 31, 1997.

Compliance

No compliance findings material to the general purpose financial statements were reported during the year ended December 31, 1997.

Section II Internal Control and Compliance Material To Federal Awards

The City Court of Morgan City, Louisiana, did not receive federal awards during the year ended December 31, 1997.

Section III Management Letter

A management letter was issued for the year ended December 31, 1997 which contained the following suggestions for which we are taking the corrective action indicated.

91.0 Suggestion - A control book be prepared for each type of receipt book used by the court.

Corrective Action Plan - A control book will be used to record receipt books received, the date they are issued for use and the date they are returned when their use has been completed. Use of the control book is to be implemented immediately.

Section III Management Letter (Continued)

93-2 **Suggestion** - Adjustment of the Deposits Held account in the Civil Fund general ledger to agree to deposits held detail and reconcile monthly.

Corrective Action Plan - The Deposits Held account balance in the general ledger will be adjusted, after review, to agree with the detail records. This is expected to be completed for the month of June 1998. Thereafter, deposits held in the Civil Fund are to be reconciled monthly.

Contact person Honorable Kim P. Stansbury, Judge.



State Auditor
Louisiana

May 25, 1998

Honorable Kim P. Stansbury, Judge
City Court of Morgan City
Morgan City, Louisiana

We have audited the general purpose financial statements of the City Court of Morgan City, Louisiana (the Court) as of and for the year ended December 31, 1997 and have issued our report thereon dated May 25, 1998. We 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.

As part of our examination, we have issued our report on internal control and compliance with laws and regulations dated May 25, 1998.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion #2-1. Control Book for Pre-numbered Cash Receipts Books

- Criteria -** The Court's internal control procedures require a pre-numbered cash receipt be issued for bonds and deposits received by the court and that they be in a continuous series.
- Condition -** It was noted that two books of pre-numbered receipts received from the printer represented duplicate numbers. In addition, two books of numbers that should have been in the sequence could not be located.
- Cause -** The books received by the Court were not correctly printed.

Questioned

Cost - None.

Effect - Certain receipts issued by the Court in 1997 were duplicate numbers of previously issued receipts and certain numbers were not included in the numerical sequence of receipts issued for bonds in 1997.

Suggestion - A control book should be prepared for each type of receipts book used by the Court when received from the printer. An example, of such a control book, could be as follows:

<u>RECEIPT NUMBERS IN BOOK</u>		<u>ISSUED</u>		<u>COMPLETED</u>	
<u>BEGINNING</u>	<u>ENDING</u>	<u>DATE</u>	<u>BY</u>	<u>DATE</u>	<u>BY</u>
56,000	56,050	12/30/97	MS	2/10/98	RJ
56,051	56,100	1/05/98	KS	2/17/98	DI

This control should eliminate the above condition occurring again when the person receiving a new supply of receipt books of any type fails to detect that numbers are duplicated or missing.

Suggestion 97-2, Deposits Held (1996)

Criteria - Deposits held in the Civil Fund were to be reconciled monthly.

Condition - At December 31, 1997 detail listing of deposits held exceeded the general ledger amount by \$198.94.

Cause - Deposits detail not reconciled to general ledger.

Questioned

Cost - None.

Effect - General ledger liability is less than actual liability at December 31, 1997.

Honorable Kim P. Stanbury, Judge
City Court of Morgan City
May 25, 1998
Page 3

Suggestion - Adjust the Civil Fund general ledger, deposits held account, to agree with detail and reconcile monthly.

This information is intended solely for the use of the Court and the Legislative Auditor of the State of Louisiana. This report is a matter of public record and its distribution is not limited.

Very truly yours,



For the Firm

CLM

cc:leg@lecompte.com



May 25, 1998

Honorable Kim P. Stansbury, Judge
City Court of Morgan City
Morgan City, Louisiana

We have audited the general purpose financial statements of the City Court of Morgan City, Louisiana (the Court) as of and for the year ended December 31, 1997 and have issued our report thereon dated May 25, 1998. We 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.

As part of our examination, we have issued our report on internal control and compliance with laws and regulations dated May 25, 1998.

During the course of our examination, we became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 97-1 - Control Book for Prenumbered Cash Receipt Books

- Criteria -** The Court's internal control procedures require a prenumbered cash receipt be issued for funds and deposits received by the court and that they be in a continuous series.
- Condition -** It was noted that two books of prenumbered receipts received from the printer represented duplicate numbers. In addition, two books of numbers that should have been in the sequence could not be located.
- Cause -** The books received by the Court were not correctly printed.

Questioned

Cost - None.

Effect - Certain receipts issued by the Court in 1997 were duplicate numbers of previously issued receipts and certain numbers were not included in the numerical sequence of receipts issued for bonds in 1997.

Suggestion - A control book should be prepared for each type of receipts book used by the Court when received from the printer. An example, of such a control book could be as follows:

<u>RECEIPT NUMBERS IN BOOK</u>		<u>ISSUED</u>		<u>COMPLETED</u>	
<u>BEGINNING</u>	<u>ENDING</u>	<u>DATE</u>	<u>BY</u>	<u>DATE</u>	<u>BY</u>
56,000	56,050	12/30/97	MS	2/10/98	RJ
56,051	56,100	1/05/98	KS	2/17/98	DJ

This control should eliminate the above condition occurring again when the person receiving a new supply of receipt books of any type fails to detect that numbers are duplicated or missing.

Suggestion 97-2. Deposits Held (1596)

Criteria - Deposits held in the Civil Fund were to be reconciled monthly.

Condition - At December 31, 1997 detail listing of deposits held exceeded the general ledger amount by \$198.94.

Cause - Deposits detail not reconciled to general ledger

Questioned

Cost - None.

Effect - General ledger liability is less than actual liability at December 31, 1997.

Honorable Kim P. Stansbury, Judge
City Court of Morgan City
May 25, 1998
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Suggestion - Adjust the Civil Fund general ledger, deposits held account, to agree with detail and reconcile monthly.

This information is intended solely for the use of the Court and the Legislative Auditor of the State of Louisiana. This report is a matter of public record and its distribution is not limited.

Very truly yours,



For the Firm.

CLAF

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Georgakis Bennett

COMMUNICATIONS WITH JUDGE

To the Honorable Kim F. Stansbury, Judge,
City Court of Morgan City
Morgan City, Louisiana.

We have audited the general purpose financial statements of the City Court of Morgan City, Louisiana (the Court) for the year ended December 31, 1997, and have issued our report thereon dated May 25, 1998. Professional standards require that we provide you with the following information related to our audit.

1) OUR RESPONSIBILITY UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of the Court. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Court's compliance with certain provisions of laws and regulations. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

2. SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Court are described

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 1997. We noted no transactions entered into by the Court during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3. ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no particular sensitive estimates that were considered as significantly affecting the financial statements.

4. SIGNIFICANT AUDIT ADJUSTMENTS

We did not initiate any significant audit adjustments during our recent audit. Your audit adjustments and closing entries were prepared and provided to management.

This information is intended solely for the use of the Judge and management of City Court of Morgan City, Louisiana and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.



Certified Public Accountants