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CITY COURT OF HOUMA

Financial Report, Internal Control and Compliance Report

December 31, 1998

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 7-14-99



STAGNI & COMPANY, LLC
A PROFESSIONAL SERVICE ORGANIZATION

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

***Financial Report,
Internal Control and Compliance Report***

December 31, 1998

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FINANCIAL SECTION



STAGNI & COMPANY, LLC

INDEPENDENT AUDITOR'S REPORT

To the Honorable Jude Thaddeus Fanguy, Judge
City Court of Houma
Houma, Louisiana

We have audited the accompanying general-purpose financial statements of the City Court of Houma, Louisiana, a component unit of Terrebonne Parish Consolidated Government, as of December 31, 1998, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of City Court of Houma, Louisiana'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 Statements*, 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 City Court of Houma, Louisiana as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles. Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements of individual funds and supplementary schedules and information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the combined general purpose financial statements of the City Court of Houma, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole. In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 1999 on our consideration of the City Court of Houma, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Stagni & Company

Thibodaux, Louisiana

207 LAFAYE AVENUE
THIBODAUX, LA 70301
PHONE (504) 447-7226
FAX (504) 446-3032

141 ROBERT E. LEE BLVD., #213
NEW ORLEANS, LA 70124
PHONE (504) 283-9830
FAX (504) 286-3827

1

11 JAMES BLVD., SUITE 210
ST. ROSE, LA 70087
PHONE (504) 468-2258
FAX (504) 464-1473

A PROFESSIONAL SERVICE ORGANIZATION
MEMBERS: AICPA • LCPA
EMAIL: stagni@stagni.com
INTERNET: <http://www.stagni.com>

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

Combined Balance Sheet - All Fund Types and Account Groups

December 31, 1998

	Governmental Fund Types General Fund	Fiduciary Fund Types Agency Funds	Account Group General Fixed Assets	Totals (Memorandum Only)
<u>ASSETS</u>				
Cash	\$ 5,196	\$ 205,530		\$ 210,726
Investments	133,097	321,692		454,789
Due from other funds	36,215	1,845		38,060
Fixed assets			\$ 330,473	330,473
Total assets	174,508	529,067	330,473	1,034,048
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	7,381			7,381
Due to other governmental units:				
Due to Terrebonne Parish Consolidated Government	64,667			64,667
Due to other funds		36,215		36,215
Bonds held for future disposition		35,438		35,438
Escrow funds held for future disposition		65,301		65,301
Civil funds held for future disposition		346,729		346,729
Criminal funds held for future disposition		45,384		45,384
Total liabilities	72,048	529,067		601,115
<u>FUND EQUITY</u>				
Investment in general fixed assets			330,473	330,473
Fund balance - unreserved, undesignated	102,460			102,460
Total fund equity	102,460		330,473	432,933
Total liabilities and fund equity	\$ 174,508	\$ 529,067	\$ 330,473	\$1,034,048

See notes to financial statements.

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

Statement of Revenues, Expenditures, and
Changes in Fund Balance - General Fund

For the Year Ended December 31, 1998

REVENUES

Charges for services:	
Criminal fees	\$ 246,116
Civil fees	107,802
Fines retained	4,258
State grants received	43,759
Miscellaneous:	
Interest	27,546
Other	1,755
Total revenues	<u>431,236</u>

EXPENDITURES

Current:	
Reimbursement to Terrebonne Parish Consolidated Government	193,638
Salaries and employee benefits	33,419
Office supplies and expenditures	29,692
Postage	9,026
Law books	2,308
Professional services	50,766
Telephone	6,492
Computer expenditures	12,538
Community work program	3,531
Contract labor	8,100
Education and seminars	24,063
Uniform and clothing allowance	5,601
Insurance	2,132
Miscellaneous	20,436
Equipment repairs and maintenance	6,438
Total current expenditures	<u>408,180</u>
Capital outlay	15,107
Total expenditures	<u>423,287</u>

**EXCESS OF REVENUES OVER
EXPENDITURES**

7,949

FUND BALANCES

Beginning of year	71,496
Residual Equity Transfer	23,015
End of year	<u>\$ 102,460</u>

See notes to financial statements.

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget (Cash Basis)
and Actual - General Fund

For the Year Ended December 31, 1998

	Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Charges for services:			
Criminal fees	\$ 172,690	\$ 215,789	\$ 43,099
Juvenile costs and fees	12,555	-	(12,555)
Civil fees	91,510	92,170	660
City fines retained	26,010	4,258	(21,752)
State grant received	80,400	43,759	(36,641)
Miscellaneous:			
Interest	27,130	26,491	(639)
Other	2,775	1,755	(1,020)
Total revenues	413,070	384,222	(28,848)
EXPENDITURES			
Current:			
Reimbursement to Terrebonne			
Parish Consolidated Government	169,698	167,963	1,735
Salaries and employee benefits	77,500	32,938	44,562
Office supplies and expenditures	19,850	27,728	(7,878)
Postage	7,750	9,026	(1,276)
Law books	2,500	-	2,500
Professional fees	45,800	49,148	(3,348)
Telephone	8,700	5,998	2,702
Computer expenditures	9,000	12,289	(3,289)
Community work program	5,000	3,531	1,469
Contract labor	12,200	8,100	4,100
Education and seminars	12,500	24,063	(11,563)
Uniform and clothing allowance	5,000	5,404	(404)
Insurance	1,400	1,832	(432)
Miscellaneous	16,780	20,436	(3,656)
Equipment repairs and maintenance	7,000	6,247	753
Total current expenditures	400,678	374,703	25,975
Capital outlay	12,000	15,035	(3,035)
Total expenditures	412,678	389,738	22,940
EXCESS OF REVENUES OVER EXPENDITURES	392	(5,516)	(5,908)
FUND BALANCES			
Beginning of year	99,561	68,590	(30,971)
Residual Equity Transfer	-	23,015	23,015
End of year	\$ 99,953	\$ 86,089	\$ (13,864)

See notes to financial statements.

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

The accounting policies of the City Court of Houma, Louisiana conform to generally accepted accounting principles as applicable to governmental units, except as noted in the following summary of the more significant policies:

A. Reporting Entity

Under Governmental Accounting and Financial Standards Section 2100, the financial reporting entity consists of the primary government and its component units. As the governing authority of the parish, the Terrebonne Parish Consolidated Government is considered to be the primary government for financial reporting purposes for the Parish of Terrebonne.

Component units are defined as legally separate organizations for which the elected officials of the primary government are financial accountability. The criteria used in determining whether financial accountability exists include:

Appointing a voting majority of an organization's governing body, and

- a. The ability of the council to impose its will on that organization and/or; the potential for the organization to provide specific financial benefits to or imposes specific financial burdens on the council.
- b. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
- c. 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.

The City Court is considered a component unit of the Terrebonne Parish Consolidated Government, if applying the criteria above.

City Court judges and marshals are independently elected officials. City Court of Houma, Louisiana is fiscally dependent on the Terrebonne Parish Consolidated

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

A. Reporting Entity (continued)

Government for office space and courtrooms. The substance of the relationship between City Court of Houma, Louisiana and Terrebonne Parish Consolidated Government is that Terrebonne Parish Consolidated Government has approval authority over its capital budget.

B. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

Governmental Fund Types

General Fund - The General Fund is used to account for all financial resources and expenditures of the City Court of Houma, Louisiana except those required to be accounted for in other funds.

Fiduciary Fund Types

Agency Funds - Agency Funds are used to account for assets held by the City Court of Houma, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

C. Basis of Accounting

Basis of Accounting refers to when revenues and expenditures are recognized in the accounts and reported in the general-purpose financial

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

c. Basis of Accounting (Continued)

statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund types and fiduciary fund types are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the City Court of Houma, Louisiana because they are generally not measurable until actually received.

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

D. Operating Budgetary Data

The City Court of Houma, Louisiana follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year for the General Fund. The adopted budget is prepared on a cash basis. The statement of revenues, expenditures, and changes in fund balances - budget and actual present comparisons of legally adopted budgets with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present general purpose financial statements in conformity with generally accepted accounting principles, a reconciliation of differences in the excess (deficiency) of revenues and other financing sources over expenditures and other financing uses is presented as follows:

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Operating Budgetary Data (continued)

Budgetary basis	(\$ 5,516)
Adjustments to GAAP	13,465
GAAP basis	\$ 7,949

2. Unused appropriations budgeted for the General Fund lapse at the end of the year.
3. The budget amounts shown in the general-purpose financial statements are the final authorized amounts as revised during the year.

E. Bad Debts

The general-purpose financial statements for the City Court of Houma, Louisiana contain no allowance for bad debts. Uncollectible amounts are recognized as bad a debt at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

F. Fixed Assets and Long-Term Debt

The accounting and reporting treatment applied to the fixed assets associated with a fund 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

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

f. Fixed Assets and Long-Term Debt (Continued)

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.

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

All fixed assets acquired are valued at historical cost. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The account group is established to account for the unmatured general obligation indebtedness.

The two account groups are not "funds". They are concerned only with the measurement of financial position and are not involved with the measurements of results of operations.

G. Vacation and Sick Leave

Annual vacation leave may not be accrued or deferred to a later time. It must be taken during the calendar year or anniversary year in which it was earned. Amounts due to employees for annual vacation leave at December 31, 1998 are not material in relation to the financial statements of the City Court of Houma, Louisiana.

Sick leave may be earned at a rate of 80 hours per year and may be accumulated to a maximum of 480 hours; however, it does not vest with the employee.

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 1 **Summary of Significant Accounting Policies (Continued)**

II. Encumbrances

City Court of Houma, Louisiana does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the fund general ledgers.

I Total columns on Combined Statements - Overview

The total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position 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.

Note 2 **Deposits and Investments**

Louisiana State law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that these deposits be fully collateralized at all times. Acceptable collateralization includes the FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Under the provision of the GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 2

Deposits and Investments (continued)

At December 31, 1998 City Court of Houma, Louisiana has cash book balances (all deposits) of \$210,726 and bank balances totaling \$234,392. These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). 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. 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.

The City Court of Houma, Louisiana's December 31, 1998 deposits are secured from risk by \$195,624 of federal deposit insurance and the market value of securities pledged of \$100,000.

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

The City Court of Houma, Louisiana may invest idle funds as authorized by Louisiana Statutes, as follows:

- (a) United States bonds, treasury notes, certificates, or any other federally insured investments.
- (b) Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana.
- (c) Mutual or trust funds, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 2 **Deposits and Investments (Continued)**

The City Court of Houma, Louisiana's investments are categorized below to an indication of the level of risk assumed at year-end:

- ! Category 1 includes investments that are insured or registered or for which the securities are held by the City Court of Houma, Louisiana or its agent in the City Court of Houma, Louisiana's name.

- ! Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City Court of Houma, Louisiana's name.

- ! Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City Court of Houma, of Louisiana's name.

Balances at December 31, 1998 were as follows:

Securities Type	<u>Credit Risk Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government Securities	<u>\$0</u>	<u>\$0</u>	<u>\$431,780</u>	<u>\$431,780</u>	<u>\$429,959</u>

Note 3 **Changes in General Fixed Assets**

A summary of changes in general fixed assets are as follows:

	Balance 12/31/97	Adjustments and Additions	Balance 12/31/98
Furniture, fixtures, and equipment	<u>\$ 311,582</u>	<u>\$ 18,891</u>	<u>\$ 330,473</u>

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 4 **Interfund Receivable and Payable Balances**

Amounts due from and due to other funds are summarized below:

	Due from	Due to
General Fund	\$ 36,215	
Escrow Fund		\$ 58
Bond Fund		212
Criminal Fund		19,538
Civil Fund		16,407
Totals	\$ 36,215	\$ 36,215

Note 5 **Employee Retirement Systems**

All individuals who work at City Court of Houma, Louisiana are primarily paid by the Terrebonne Parish Consolidated Government and are consequently members of the State Parochial Employee's Retirement System of Louisiana and the Louisiana State Employee's Retirement System. GASB requires certain disclosures for employers who maintain retirement plans for their employees. All individuals employed at the City Court of Houma, Louisiana are primarily compensated by others who disclose the required retirement plan information in their separately issued financial statements. The retirement plan mentioned above is administered and controlled by a separate board of trustees.

Note 6 **Residual Equity transfer In**

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. The General Fund reflects a residual equity transfer in which represents funds from the Judge's Earned Fees account (a previously unaudited fund of Houma City Court). This year City Court transferred the balance from that account into the General Fund.

CITY COURT OF HOUMA
HOUMA, LOUISIANA

Notes to Financial Statements (Continued)

Note 7 **Reimbursed Court Costs**

An agreement has been entered into with the Terrebonne Parish Consolidated Government whereby required court costs such as work-release program expenses and district attorney fees will be reimbursed when paid by the General Fund. These expenditures are deducted from the fines collected for the Terrebonne Parish Consolidated Government when paid.

The Terrebonne Parish Consolidated Government pays certain operating costs of the City Court of Houma, Louisiana. These costs are not recognized as expenditures by the City Court of Houma, Louisiana and accordingly, are not included in the general-purpose financial statements. For the year ended December 31, 1998, these costs consisted of salaries and benefits, supplies and materials, other services and charges, and repairs and maintenance, which amounted to approximately \$420,942.

Note 8 **Risk Management**

City Court of Houma, Louisiana is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

***SUPPLEMENTARY SCHEDULES
AND INFORMATION***

AGENCY FUNDS

Civil Cost Fund - The Civil Cost Fund is maintained for the purpose of collecting advanced costs on civil, small claims, and eviction cases. When the Judge, Marshall, Sheriffs, etc. earn the fees, they are disbursed and any excess of advanced costs remitted by the plaintiff is refunded.

Criminal Cost Fund - The Criminal Cost Fund is maintained for the purpose of collecting and disbursing fees and costs on all criminal misdemeanors and juvenile proceedings.

Escrow Fund - The Escrow Fund is maintained to allow defendants to pay fines and costs on an installment basis. When the entire amount sentenced has been collected, the cash is disbursed to the appropriate recipients.

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

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

Combining Balance Sheet
All Agency Funds

December 31, 1998

	Civil Cost Fund	Criminal Cost Fund	Escrow Fund	Bond Fund	Totals
<u>ASSETS</u>					
Cash	\$ 104,958	\$ 64,922	\$ -	\$ 35,650	\$ 205,530
Investments	256,333		65,359		321,692
Due from other governments	1,845				1,845
Total assets	<u>363,136</u>	<u>64,922</u>	<u>65,359</u>	<u>35,650</u>	<u>529,067</u>
<u>LIABILITIES</u>					
Due to General Fund	16,407	19,538	58		36,003
Due to Criminal Cost Fund				212	212
Bonds held for future disposition				35,438	35,438
Escrow funds held for future disposition			65,301		65,301
Civil funds held for future disposition	346,729				346,729
Criminal funds held for future disposition		45,384			45,384
Total liabilities	<u>\$ 363,136</u>	<u>\$ 64,922</u>	<u>\$ 65,359</u>	<u>\$ 35,650</u>	<u>\$ 529,067</u>

**CITY COURT OF HOUMA
HOUMA, LOUISIANA**

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

As of and for the Year Ended December 31, 1998

	Civil Cost Fund	Criminal Cost Fund	Escrow Fund	Bond Fund	TOTALS
Balance 12/31/97	\$ 346,068	-	\$ 81,210	\$ 8,670	\$ 435,948
ADDITIONS					
Costs collected	204,472		27,088		231,560
Bonds collected				50,785	50,785
Fees collected	14,990	657,489			672,479
Interest and Miscellaneous Revenue		5,861			5,861
Total additions	<u>219,462</u>	<u>663,350</u>	<u>27,088</u>	<u>50,785</u>	<u>960,685</u>
DISBURSEMENTS					
Terrebonne Parish Consolidated Govt		227,607			227,607
City Court Fees and Fines		186,654			186,654
Judge's and Marshal's fees			3,610		3,610
Sheriff	131,395				131,395
	11,461				11,461
Parish and City fines	47,671		14,379		62,050
Refunds	19,718	822			20,540
Secretary of State	1,500				1,500
Clerk of Court	4,340				4,340
Witnesses	93		970		1,063
Answering Interrogatories	2,370				2,370
Court costs			5,383		5,383
Indigent Defender		52,268			52,268
Restitution		60,159			60,159
Notice fees			30		30
Probation fees			1,690		1,690
Letap			214		214
Act 887			1,275		1,275
Traumatic Injury			340		340
Crime Victim Fund		4,570	810		5,380
Administration fees		6,208	5,745		11,953
District Attorney		51,280	368		51,648
Driver Improvement School		9,100	50		9,150
Miscellaneous			39	60	99
CMIS			250		250
Appeals	253				253
Bonds forfeited				-	-
Bonds refunded				23,957	23,957
Louisiana Commission on Law Enforcement:		19,298			19,298
Total disbursements	<u>218,801</u>	<u>617,966</u>	<u>42,997</u>	<u>24,017</u>	<u>903,781</u>
Balance 12/31/98	\$ 346,729	\$ 45,384	\$ 65,301	\$ 35,438	\$ 492,852

***CITY COURT OF HOUMA
HOUMA, LOUISIANA
YEAR 2000 DISCLOSURE***

December 31, 1998

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City Court of Houma, Louisiana contracted with a computer consultant in fiscal year 1998 for evaluation and assistance in developing a comprehensive plan for updating their computer systems and related software for year 2000 compliance. Testing and validation of new or upgraded software will be completed by December 31, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City Court of Houma, Louisiana is or will be Year 2000 ready, that the City Court of Houma, Louisiana's remediation efforts will be successful in whole or in part, or that the parties with whom the City Court of Houma, Louisiana does business will be year 2000 ready.

***INTERNAL CONTROL AND
COMPLIANCE SECTION***



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

Honorable Jude Thaddeus Fanguy, Judge.
City Court of Houma
Houma, Louisiana

We have audited the financial statements of the City Court of Houma, Louisiana as of and for the year ended December 31, 1998, and have issued our report thereon dated April 30, 1999. 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 City Court of Houma, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audit, we considered the City Court of Houma, Houma Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 a material weakness. 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 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.

Honorable Jude Thaddeus Fanguy, Judge.
City Court of Houma
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This report is intended for the information of, management. However, this report is a matter of public record and its distribution is not limited.

Stagni & Company

April 30, 1999
Thibodaux, Louisiana



CITY COURT OF HOUMA, LOUISIANA

Summary Schedule of Findings and Questioned Costs For the Year Ended December 31, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general-purpose financial statements of the City Court of Houma, Louisiana, a component unit of the Terrebonne Parish Consolidated Government.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City Court of Houma, Louisiana were disclosed during the audit.
4. There was a no management letter issued in connection with the audit of the financial statements.

- B.** There were no findings relating to the financial statements that are required to be reported in accordance with GAGAS.