

OFFICE OF THE LEGISLATIVE AUDITOR
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**CITY COURT OF MONROE
MONROE, LOUISIANA**

**Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 1999
With Supplemental Information Schedules**

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 NOV 10 1999

**CITY COURT OF MONROE
MONROE, LOUISIANA**

APRIL 30, 1999

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(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

City Court of Monroe Monroe, Louisiana

We have audited the accompanying component unit financial statements of the **City Court of Monroe, Louisiana** (the Court), a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 1999, as listed in the accompanying Table of Contents. These component unit financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the year ended April 30, 1999, we were unable to form an opinion regarding the financial activities of the Fiduciary Fund Type column included in the accompanying component unit financial statements.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the financial activities of the Fiduciary Fund Type, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Court as of April 30, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

**City Court of Monroe, Louisiana
Independent Auditors' Report**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 1999, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The financial information listed as Supplemental Information Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Court. The information in such schedules has been subjected to the auditing procedures applied in the audit of the basic component unit financial statements; and, in our opinion, except for the effect of such adjustments, if any, as might be required had we been able to satisfy ourselves as to the financial activities of the Fiduciary Fund Type as discussed in the second preceding paragraph, is fairly stated in all material respects in relation to the basic component unit financial statements taken as a whole.



(A Professional Accounting Corporation)

September 8, 1999

COMPONENT UNIT FINANCIAL STATEMENTS
(OVERVIEW)

**CITY COURT OF MONROE
MONROE, LOUISIANA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP**

AS OF APRIL 30, 1999

	<u>Governmental Fund Type - General Fund</u>	<u>Special Revenue</u>	<u>Fiduciary Fund Type - Agency Funds (Unaudited)</u>	<u>General Fixed Assets Account Group</u>	<u>Total (Memorandum Only)</u>
ASSETS					
Cash	\$ 224,875	\$ 929	\$ 626,392	\$ -	\$ 852,196
Due From Other Funds	21,283	-	223	-	21,506
Office Furnishings and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>305,850</u>	<u>305,850</u>
TOTAL ASSETS	<u>\$ 246,158</u>	<u>\$ 929</u>	<u>\$ 626,615</u>	<u>\$ 305,850</u>	<u>\$ 1,179,552</u>
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts Payable	\$ 45,260	\$ -	\$ 166,410	\$ -	\$ 211,670
Due to Other Funds	223	-	21,283	-	21,506
Deposits Due Others	<u>-</u>	<u>-</u>	<u>438,922</u>	<u>-</u>	<u>438,922</u>
Total Liabilities	<u>45,483</u>	<u>-</u>	<u>626,615</u>	<u>-</u>	<u>672,098</u>
Fund Equity					
Investment in General Fixed Assets	-	-	-	305,850	305,850
Fund Balance - Unreserved - Undesignated	<u>200,675</u>	<u>929</u>	<u>-</u>	<u>-</u>	<u>201,604</u>
Total Fund Equity	<u>200,675</u>	<u>929</u>	<u>-</u>	<u>305,850</u>	<u>507,454</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 246,158</u>	<u>\$ 929</u>	<u>\$ 626,615</u>	<u>\$ 305,850</u>	<u>\$ 1,179,552</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
ALL GOVERNMENTAL FUND TYPES
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 1999**

	General	Special Revenue
REVENUES		
Intergovernmental	\$ 1,036,982	\$ -
Grants	-	15,612
Fees, Charges, and Commissions for Services:		
Civil Fees	21,360	-
Court Costs	172,479	-
Probation Fees	5,620	-
Reinstatement Fees	1,363	-
Other Income	7,358	-
Use of Money and Property - Interest Earnings	20,285	-
Total Revenues	1,265,447	15,612
 EXPENDITURES		
Current:		
Judicial		
Salaries and Related Benefits:		
Salaries	761,955	-
Sick Pay	19,948	-
Group Insurance	61,229	-
Pension	96,038	-
Payroll Taxes	8,139	-
Vacation Pay	15,329	-
Operating Services:		
Subscriptions	254	-
Professional Dues	1,690	-
Postage	16,628	-
Equipment Rental	235	-
Equipment Maintenance	41,275	-
Legal Fees	18,960	-
Professional Services	44,026	-
Judges Ad Hoc	22,500	-
Bank Charges	502	575
Utilities	52,427	-
Telephone	10,124	238
Materials and Supplies:		
Office Supplies	34,550	9,508
Coffee, Cokes and Water	2,349	-
Travel and Other:		
Travel and Seminars	13,581	2,544
Library	12,714	-
Capital Outlay - Equipment and Furniture	58,893	1,860
Total Expenditures	1,293,346	14,725
 Excess/(deficiency) of Revenues Over Expenditures	(27,899)	887
 Fund Balance at Beginning of Year	228,574	42
 FUND BALANCE AT END OF YEAR	\$ 200,675	\$ 929

The accompanying notes are an integral part of this statement.

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided for by Chapter 7 of Title 13 of the Louisiana Revised Statutes, the City Court of Monroe (the Court) has jurisdiction in all civil matters in the City of Monroe (the City) including all of wards Three and Ten of Ouachita Parish. The criminal jurisdiction of the Court is limited to offenses committed within wards Three and Ten of Ouachita Parish and violations of City ordinances which are not required to be tried by jury. The City judges are elected for six year terms.

A. REPORTING ENTITY

As the governing authority of the City, for reporting purposes, the City of Monroe is the financial reporting entity for the City. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City of Monroe for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

Because the City provides the Court's building, a portion of its furnishings, and pays a majority of its operating expenditures, the Court is determined to be a component unit of the City of Monroe financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The Court uses funds and account groups to report on financial position and results of 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 that comprises its assets, liabilities, fund equity, revenues and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Court's current operations require the use of governmental and fiduciary funds. The fund types used by the Court are described as follows:

Governmental Funds

General Fund

The General Fund is used to account for the operations of the Court. The various fees and charges due to the Court are accounted for in this fund. General operational expenditures not otherwise provided by the City of Monroe are paid from this fund.

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

Special Revenue Fund

The Special Revenue Fund is used to account for specific revenue resources that are legally restricted to expenditures for specified purposes. These funds include revenues and expenditures related to the Mentoring Program.

Fiduciary (Agency) Funds

The Judicial and Special Cost Clearing Agency Funds are used to account for assets held by the Court as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) purchased by the General Fund are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. General fixed assets provided by the City of Monroe are recorded in the City's general fixed assets account group and are not reported by the Court. The majority of general fixed assets are valued at actual historical costs. No depreciation has been provided on general fixed assets.

D. BASIS OF ACCOUNTING

The 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 for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Court uses the following practices in recognizing and reporting revenues and expenditures:

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

Revenues

Court costs, civil fees, and reinstatement fees are recorded in the year in which they are earned.

Interest income on bank deposits is recorded when the interest has been earned and the amount can be determined.

Substantially all other revenues are recognized when received by the Court.

Based on the above criteria, Court costs, civil fees, and reinstatement fees have been treated as susceptible to accrual.

Expenditures

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

E. BUDGET PRACTICES

The Court is not required to prepare an annual budget for its General Fund because the judiciary is not included within the definition of a "political subdivision" covered by the Louisiana Local Government Budget Act.

F. TOTAL COLUMN ON COMBINED BALANCE SHEET

The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present 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 - CASH

Under state law, the 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 Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At April 30, 1999, the Court has cash (book balances) totaling \$852,197, as

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

follows:

Demand deposits	\$	851,697
Petty cash		<u>500</u>
 Total	 \$	 <u>852,197</u>

Under state law, these deposits, or the resulting 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. 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. Cash (bank balances) at April 30, 1999, are secured as follows:

Bank Balances	\$	794,617
Federal deposit insurance	\$	300,000
Pledged securities	\$	587,893

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the Court, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, 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 management of the Court that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 3 - CHANGES IN AGENCY FUNDS' DEPOSITS DUE OTHERS

A summary of changes in agency funds' deposits due others for the year ended April 30, 1999, is as follows:

Balance, May 1, 1998	\$	409,032
Additions		1,982,472
Reductions		<u>(1,949,792)</u>
 Balance, April 30, 1999	 \$	 <u>441,712</u>

Note 4 - CHANGES IN GENERAL FIXED ASSETS

The following table presents changes in general fixed assets for the year ended April 30,

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

1999:

Balance, May 1, 1998	\$	243,768
Additions		60,222
Balance, April 30, 1999	\$	303,990

Note 5 - DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at April 30, 1999, are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 21,283	\$ 223
Agency Funds:		
Judicial	-	19,478
Special Cost Clearing	223	1,805
Total	\$ 21,506	\$ 21,506

**Note 6 - EXPENDITURES OF THE CITY COURT
PAID BY THE CITY OF MONROE**

The City of Monroe made on-behalf payments totaling \$880,864 for the Monroe City Court for the year ended April 30, 1999. These payments were for salaries and other operating expenses as follows:

Salaries	\$	634,390
Pension benefits	\$	92,732
Other operating expenses	\$	170,143

The Court's building in the City Hall Complex and part of its furnishings and equipment are provided by the City of Monroe and, accordingly, are recorded in the City's general fixed asset account group. Equipment and furniture purchased with Court funds are recorded as an expenditure on the statement of revenues, expenditures, and changes in fund balance and as an asset on the combined balance sheet.

The Monroe City Court received on-behalf payments from the state of Louisiana in the amount of \$76,371 for salaries. On-behalf payments were also received from the Ouachita Parish Police Jury in the amount of \$63,346 for salaries and operating expenses

MONROE CITY COURT
(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 1999

as follows:

Salaries	\$	51,193
Pension benefits	\$	3,306
Other operating expenses	\$	8,847

Note 7 - RISK FINANCING ACTIVITIES

The Court manages its exposure under general liability for its equipment through the purchase of commercial insurance. The remainder of insurance coverage is provided by the City.

Note 8 - DISCLOSURES OF CONCENTRATIONS

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations.

Note 9 - COMMITMENTS AND CONTINGENCIES

The worldwide challenge facing organizations, commonly referred to as the Year 2000 (Y2K) issue, is the result of problems that may be encountered with date-related transactions on systems that have historically recognized years using two digits vs. four digits, e.g. 98 versus 1998. These systems will potentially recognize the "00" as the year 1900 instead of 2000. On the surface, the Y2K problem sounds simple enough; however, the implications of this problem are far reaching and could impact a full range of business services and activities.

The Court has conducted a study of its own systems and operations. Based on this study, the Court recognizes and plans to initiate a project to take all necessary and reasonable steps to get the mission critical systems and operations Y2K compliant in a timely manner. The project will include confirming the Y2K preparedness of significant third parties.

The timetable for the planned completion of the internal Y2K modification is management's estimate. The estimate was based on numerous assumptions as to future events. There can be no guarantee that the estimate will prove accurate, and actual results could differ from those estimated if these assumptions prove inaccurate. Additionally, there can be no absolute guarantee that significant third parties will successfully and timely convert their systems.

SUPPLEMENTAL INFORMATION SCHEDULES

**CITY COURT OF MONROE
MONROE, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED APRIL 30, 1999**

FIDUCIARY FUND TYPE - AGENCY FUNDS

JUDICIAL FUND

The Judicial Fund accounts for advance deposits on civil suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

SPECIAL COST CLEARING FUND

The Special Cost Clearing Fund accounts for the collection of fines and court costs and the payment of these collections to recipients in accordance with applicable laws.

**CITY COURT OF MONROE
MONROE, LOUISIANA
FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINING BALANCE SHEET, APRIL 30, 1999**

	<u>Judicial Fund</u>	<u>Special Cost Clearing Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 417,869	\$ 208,523	\$ 626,392
Due From Other Funds	-	223	223
TOTAL ASSETS	<u>417,869</u>	<u>208,746</u>	<u>626,615</u>
LIABILITIES			
Accounts Payable	\$ 20,506	\$ 145,904	\$ 166,410
Due to Other Funds	19,478	1,805	21,283
Deposits Due Others	<u>377,885</u>	<u>61,037</u>	<u>438,922</u>
TOTAL LIABILITIES	<u>\$ 417,869</u>	<u>\$ 208,746</u>	<u>\$ 626,615</u>

**CITY COURT OF MONROE
MONROE, LOUISIANA
FIDUCIARY FUND TYPE - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES IN
DEPOSITS DUE OTHERS
FOR THE YEAR ENDED APRIL 30, 1999**

	<u>Judicial Fund</u>	<u>Special Cost Clearing Fund</u>	<u>Total</u>
DEPOSITS DUE OTHERS AT BEGINNING OF YEAR	\$ 355,848	\$ 53,184	\$ 409,032
ADDITIONS			
Advance Deposits	359,193	-	359,193
Fines and Court Costs	-	1,607,667	1,607,667
Total Additions	<u>359,193</u>	<u>1,607,667</u>	<u>1,966,860</u>
Total	715,041	1,660,851	2,375,892
REDUCTIONS			
Transfers to General Fund:			
Special Civil Cost	26,860	-	26,860
Court Costs - Traffic and Criminal	-	170,862	170,862
Transfers to City of Monroe:			
Clerk Fees	140,743	-	140,743
Court Costs:			
DWI Probation	-	3,900	3,900
Equipment Fund	-	6,000	6,000
Fines and Forfeitures	-	693,414	693,414
Attorney's Fees	1,437	-	1,437
Applied Technology Unit	-	3,000	3,000
Booking Fees	2,261	-	2,261
Curator Fees	707	-	707
Indigent Defender Board	-	320,175	320,175
Judges' Supplemental Compensation Fund	34,018	-	34,018
Louisiana Commission on Law Enforcement	-	40,544	40,544
Louisiana Rehabilitation Services:			
Head and Spinal Cord Injury	-	14,130	14,130
Louisiana State Treasurer	-	25,614	25,614
Marshal's Fees	43,673	256,090	299,763
North Louisiana Criminalistic Laboratory	-	65,060	65,060
Secretary of State	4,250	-	4,250
Settlements to Litigants	-	1,025	1,025
Sheriffs' Fees	23,676	-	23,676
Other Reductions	59,531	-	59,531
Total Reductions	<u>337,156</u>	<u>1,599,814</u>	<u>1,936,970</u>
DEPOSITS DUE OTHERS AT END OF YEAR	<u>\$ 377,885</u>	<u>\$ 61,037</u>	<u>\$ 438,922</u>

OTHER SUPPLEMENTAL INFORMATION



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

**City Court of Monroe, Louisiana
Monroe, Louisiana**

We have audited the component unit financial statements of the City Court of Monroe, Louisiana (the Court) as of and for the year ended April 30, 1999 and have issued our report thereon dated September 8, 1999. In our report, we did not express an opinion on the Fiduciary Fund Type due to inadequate accounting records. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Court's component unit 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*. However, we did note an immaterial instance of noncompliance which we have communicated to management of the Court in a separate letter dated September 8, 1999.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit 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

**City Court of Monroe, Louisiana
Monroe, Louisiana**

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 Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 99-01.

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 component unit 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described in the accompanying Schedule of Findings as item 99-01 is a material weakness.

This report is intended for the information of management of the Court and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

September 8, 1999

**CITY COURT OF MONROE
MONROE, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED APRIL 30, 1999**

99-01 Approval of Disbursements

Finding:

In our review of 40 cash disbursements, we noted that only one judge's signature was on the checks; Court policy requires two signatures. In addition, we noted 5 of the expenditures were not recorded in the correct accounting period and 4 expenditures were not properly supported.

Recommendation:

The Court should follow their policy and have two signatures for all disbursements from the Court's checking accounts. Also, expenditures should be recorded in the correct accounting period and all expenditures should be properly supported before being presented for payment.

Management's Corrective Action Plan:

During the past year the Monroe City Court has undergone some major transitions. Therefore, effective immediately the Court has changed its policy concerning check signing authority. The Administrative Judge's signature is required on all checks for expenditures. In the absence of the Administrative Judge, two (2) signatures are required; one judge and the court administrator. One signature is required for disbursements from the Judicial Fund #2 account. The Business Manager will ensure that all expenditures will be recorded in the correct accounting period and that all check request will have proper support before checks are prepared.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED APRIL 30, 1999**

In connection with our audit of the Court as of and for the year ended April 30, 1999, in accordance with the *Louisiana Governmental Audit Guide*, we have also reviewed the status of prior year findings included in our report dated October 27, 1998. The following table presents the status of those findings:

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

98-01 Fixed Asset Documentation (Fiscal 1998)

Finding:

Tagging and location tracking of fixed assets was not evident.

Status:

The Business Manager is responsible for tagging all assets and updating the list to include locations and cost of items, which includes the comparison of the Court's list to the City of Monroe fixed asset listing effective October 1999.

98-02 Reconciliation of Judicial Checking Account (Fiscal 1997)

Finding:

Reconciliations for the Judicial checking account were not performed on a timely basis.

Status:

The bank account has been reconciled through April 1999. Keeping the reconciliations current will be done with the assistance of court personnel and the software upgrade. Reconciliations will be performed on a monthly basis effective October 1999.

98-03 Reconciliation of Deposits Due Others (Fiscal 1997)

The balance of the liability Deposits Due Others had not been reconciled between the general ledger control total and the detail of balances per the individual suit files.

Status:

The Court has been unable to implement the plan. New software will be purchased by December 1999 which will allow periodic reconciliations to be performed on a timely basis.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED APRIL 30, 1999**

98-04 Accounting for Absences

Finding:

Time and attendance records did not adequately account for sick and vacation leave or other approved absences.

Status:

The Clerk/Court Administrator will monitor all court employees' leave balances prior to approving absences effective October 1, 1999.

98-05 Control Over Mentoring Program

Finding:

There was lack of segregation of duties and administrative oversight over the operations of the Mentoring Program. Bank statements were not reconciled as of April 30, 1999.

Status:

Partial corrective action has been taken. Effective September 1999, new signature cards have been filed with the bank requiring two signatures for disbursements from this program. Bank statements are sent directly to the Administrative Judge in which he reviews and forwards to the Business Manager for reconciliation. Bank reconciliations will be performed on a timely basis effective October 1999.

98-06 Approval of Disbursements

Finding:

Signatory authority over checking accounts was vested in one individual, giving that person full discretion over the nature and amount of funds disbursed.

Status:

Due to the transaction the Monroe City Court has undergone during the past year the following policy has been adopted effective immediately. The Administrative Judge's signature is required on all checks for expenditure. In the absence of the Administrative Judge, two (2) signatures are required; one judge and the court administrator. One signature is required for disbursements from the Judicial Fund #2 account.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED APRIL 30, 1999**

MANAGEMENT LETTER

1. Negative Balances in Civil Suits

See repeat finding current year.

2. Civil Suit Deposits – Monroe Housing Authority

See repeat finding current year.

3. Travel Policy

Finding:

Although the Court adopted a travel policy in 1991, it appears that the two newest judges have not been informed of the policy. Subsequently, the court paid undocumented expenses. In some instances, the expenses do not appear necessary for the completion of Court business.

Status:

The Court adopted a revised policy and procedure manual during 1999 applicable to judges and Court employees dealing with travel and expense reimbursement.

4. Use of City Court Credit Cards

Corrective action has been taken.

5. Magazine Subscription Expenditures

Corrective action has been taken.



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**City Court of Monroe
Monroe, Louisiana**

In planning and performing our audit of the component unit financial statements of the **City Court of Monroe** (the Court) as of April 30, 1999, and for the year then ended, we considered its internal control in order to determine our auditing procedures for purposes of expressing our opinion on the component unit financial statements of the Court and not to provide assurance on the internal control or overall compliance with laws and regulations.

However, during the course of our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated September 8, 1999, on the component unit financial statements of the Court.

1. Negative Balances in Civil Suits

Finding:

In the performance of our auditing procedures to test civil suits, we noted seven instances within our sample of forty civil suits that had negative balances, i.e., costs incurred and paid in the suit exceeded deposits made. This condition also existed at April 30, 1998.

Recommendation:

Costs of a suit should not be paid without sufficient funds in the suit to cover the payments.

Management Corrective Action Plan:

The Court's policy in regards to costs associated with civil suits is that no activity is to take place in a suit that does not have sufficient funds in it to cover the activity. There are instances where a suit has money in it at the moment an activity takes place and there is not enough money to cover all of the activity; however, no actual disbursement is made on any suit that has a negative balance. The computer is setup to flash "this suit is out of money" when there is a negative balance and a password is needed to override the system in order to make any inputs on that

**Monroe City Court
Monroe, Louisiana**

particular suit. When there is a negative balance a letter is sent to the party involved advising that there can be no further filings in the suit until an additional deposit is made to cover future costs. When a suit is disposed, a thirty day notice will be sent to all parties involved who may have outstanding costs that the funds will be refunded and no costs will be paid after that time.

2. Deposit Filings for Civil Suits - Monroe Housing Authority

Finding:

The Court is required to serve the Monroe Housing Authority without charging any fees. However, the current software records these fees anyway creating a credit balance in the suit. This situation makes Finding 1 appear worse due to the misrepresentation of a credit balance in this suit. This condition also existed at April 30, 1998.

Recommendation:

We recommend that the Court modify its software to prevent negative balances from appearing in suits involving the Monroe Housing Authority

Management Corrective Action Plan:

The Court will contact the software vendor to begin modifications to prevent this anomaly. If the cost of modifying the software is cost-prohibitive considering that it will probably be replaced within the next year, the new software will provide the above referenced recommendation. In the event of the latter taking place, these negative balances will be reconciling items on a monthly basis.



(A Professional Accounting Corporation)

September 8, 1999