

Financial Report

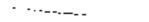
For The Year Ended December 31, 1998

No. 10

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.

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TABLE OF CONTENTS

	Page
'Independent Auditor's Report	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined balance sheet - All fund types and account groups	3
Statement of revenues, expenditures, and changes in fund balance - All governmental fund types	4
Notes to financial statements	5-8
INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Compliance and	
on Internal Control Over Financial Reporting	
based on an Audit of Financial Statements Development Auditing	
Performed in Accordance With <u>Government Auditing</u>	10-11
<u>Standards</u>	10-11

Schedule of Findings	12-13
Schedule of Prior Year Findings	14
Corrective Action Plan	15

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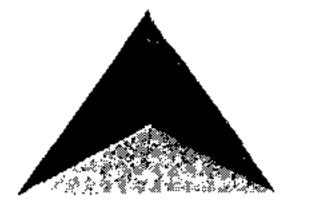
Kathleen T. Darnall, CPA Stephen R. Dischler, MBA, CPA Alan M. Taylor, CPA Christine A. Raspberry, CPA Steven G. Moosa, CPA Erich G. Loewer, Jr., CPA Frich G. Loewer, JII, CPA Danny P. Pontiff, CPA Tamera T. Landry, CPA Carla R. Fontenot, CPA Raegan D. Stelly, CPA Jason H. Watson, CPA

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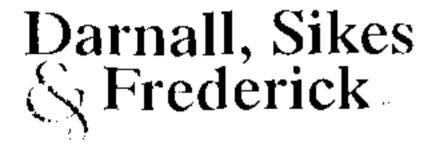
125 Rue Beaurepord Tatayetic, LA 70508 318,232,3312

1201 Brashear Avenue Suite 301 Morgan City, I.A 70380 504,384,6264

> 404 Pere Megret Abbeville, I A 70510 318,893,5470



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(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

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

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We have audited the accompanying general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1998. These general purpose financial statements are the responsibility of the Judge of the City Court of Abbeville, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and <u>Government</u> <u>Auditing Standards</u>, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures about Year 2000 Issues", requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-

systems and other electronic equipment critical to conducting operations year 2000compliant; and

 the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

Member of

American Institute of Certified Public Accountants

Secrety of Louisiana Certified Public Accountants The City Court of Abbeville, Louisiana has omitted such disclosures. We do not provide assurance that the City Court of Abbeville is or will be year 2000 ready, that the City Court of Abbeville's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City Court of Abbeville does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City Court of Abbeville, Louisiana, as of December 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with <u>Government Auditing Standards</u>, we have also issued a report dated June 14, 1999 on our consideration of the City Court of Abbeville, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the City Court of Abbeville, Louisiana.



A Corporation of Certified Public Accountants

Abbeville, Louisiana June 14, 1999

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Combined Balance Sheet All Fund Types and Account Groups December 31, 1998 (With Comparative Totals for December 31, 1997)

	GovernmentalFund TypeAccount GroupGeneralGeneralFundFixed Assets		Total (Memorandum Only) 1998 1997	
ASSETS				
Cash Interest bearing deposits Investments Equipment Furniture and fixtures	\$	\$- - 27,363 22,747	\$ 100 283,269 50,591 27,363 <u>22,747</u>	\$ 100 237,692 49,636 24,124 <u>22,747</u>
Total assets	<u>\$ 333,960</u>	<u>\$ 50,110</u>	<u>\$ 384,070</u>	<u>\$334,299</u>
LIABILITIES AND FUND EQUITY				
Liabilities: Accounts payable Due to other agencies Deferred revenue Total liabilities	\$	\$	\$ 4,569 113,351 <u>26,195</u> 144,115	\$2,838 90,570 <u>18,503</u> 111,911
Fund equity: Investments in general fixed assets Fund balance - Unreserved, undesignated Total fund equity	- <u>189,845</u> <u>189,845</u>	50,110 50.110	50,110 <u>189,845</u> 239,955	46,871 <u>175,517</u> <u>222,388</u>
Total liabilities and fund equity	<u>\$ 333,960</u>	<u>\$ 50,110</u>	<u>\$ 384,070</u>	<u>\$334,299</u>

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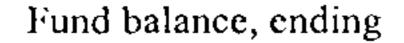
The accompanying notes are an integral part of this statement.

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Statement of Revenues, Expenditures, and Changes in Fund Balance All Governmental Fund Types - General Fund For the Year Ended December 31, 1998 (With Comparative Totals for the Year Ended December 31, 1997)

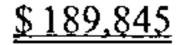
	1998	1997
Devenues		
Revenues:	¢ 126 822	¢ 172 501
Court costs Fines	\$136,832 71,144	\$172,591 85,140
Interest	9,337	8.361
Total revenues	217,313	266,092
rotar revenues		200,092
Expenditures:		
Current -		
Salaries	9,118	10,563
Conferences and meetings	4,236	4,489
Office expenses	10,019	8,373
Telephone	4,465	4,412
Audit fees	2,800	-
Janitorial service	1,225	1,400
Pest control	96	.,
Repair and maintenance	1,443	1,056
Uniforms	498	2,491
Dues and subscriptions	3,053	2,134
Payroll taxes	382	337
Computer service	3,600	2,700
Court costs -	5,000	2,700
Indigent defender's board	32,024	38,723
City Marshall - Fees	16,158	21,095
City Marshall - Holding facility	11,515	9,920
Louisiana commission on law enforcement	2,517	3,504
City of Abbeville - Witness fees	9,943	14,529
City of Abbeville - Intoxilizer fees	1,205	3,840
Acadiana crime lab	6,440	12,586
Vermilion Parish District Attorney	3,065	2,845
Department of Public Safety	225	650
Case management information systems	2,383	3,052
Louisiana rehab services - HSCI	1,110	2,315
Court fines -	1,110	2,315
Court mes - City of Abbeville	62,595	69,573
	8,549	15,567
Vermilion Parish Police Jury Conital outlay	· ·	· · · · · · · · · · · · · · · · · · ·
Capital outlay Total avnanditures	4,321	-16,183
Total expenditures	202,985	<u> 252,433 </u>
Excess of revenues over expenditures	14,328	13,659
Fund balance, beginning	175,517	<u> 161,858</u>

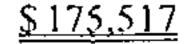
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The accompanying notes are an integral part of this statement.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of Abbeville, Louisiana (City Court) was created under Louisiana Revised Statute 13:1872 as a political subdivision of the State of Louisiana. The Court operates under the control of the City Judge, an elected official serving a term of six years.

The accounting and reporting policies of the City Court conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent upon the City Court Judge. City Court is a component of a financial reporting entity with the City of Abbeville, Louisiana being the primary government.

B. Fund Accounting

City Court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The funds are grouped in the financial statements in this report, into one generic fund type and one broad fund category as follows:

Governmental Fund - General Fund

The General Fund is the general operating fund of the City Court. It is used to account for all financial resources.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

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The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by the governmental fund type. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the

transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Court costs and fines are considered measurable and available when in the hands of the collecting government. Expenditures are recorded when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

Annual budgets are not required nor prepared for the City Court and, therefore, no budget figures, nor comparisons of budget figures to actual are shown in this report.

E. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost based on acquisition price of similar assets where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Estimated amounts comprise approximately 17% of total fixed assets. No depreciation has been provided on general fixed assets.

F. Salaries

Salaries include amounts paid for part-time office staff, as well as semi-annual payments to the Clerk of Court and other full-time employees. Salaries do not include amounts paid to the City Judge, City Marshall, nor the regular salaries of the Clerk of Court and other full-time employees, which are paid by the Vermilion Parish Police Jury and the City of Abbeville. Employee benefits such as retirement and health insurance are also provided by the City of Abbeville.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

H. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

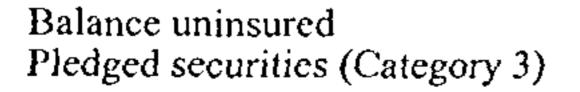
Under state law, the City Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the City Court had cash and interest-bearing deposits (book balances) totaling \$283,369, as follows:

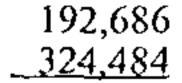
Cash on hand	\$ 100
General Fund - Criminal account	146,718
General Fund - Special account	136.551
Total	<u>\$283,369</u>

These deposits are stated at cost, which approximates market. 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1998, are secured as follows:

Bank balances	\$292,686
Federal deposit insurance	

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Excess FDIC insuranceand pledged securities



Notes to Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in City Court's name. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by City Court that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 INVESTMENTS

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Investments consist of the following certificates of deposit.

Maturity

Interest

Institution	<u>Term</u>	Date	Rate	Amount
Bank of Abbeville Gulf Coast Bank	182 days 180 days	04/20/1999 03/28/1999	5.00% 5.00%	\$ 30,000 <u>20,591</u> <u>\$ 50,591</u>

NOTE 4 FIXED ASSETS

A summary of changes in general fixed assets for the year ended December 31, 1998 follows:

	Balance December 31,			Balance December 31,		
	1997		Additions	Deletions	1998	
Equipment	\$	24,124	\$ 4,321	\$ 1,082	\$	27,363
Furniture and fixtures	<u> </u>	<u>22,747</u> 46,871	<u>5 4 321</u>	<u></u> <u>\$ 1.082</u>	<u> </u>	<u>22,747</u> 50,110

NOTE 5 DEFERRED REVENUE

In late 1989, the City Court instituted a policy to accept partial payments of court costs and fines. Prior to this, a sentenced individual was required to pay the assessed court costs and fines in full or serve time in jail. Due to the shortage and cost of jail facilities it was decided that a series of partial payments would be accepted until the complete court assessed fine was paid out. Collections of partial payments are deposited into a separate checking account called the "special account". The balance in this cash account at December 31, 1998 was \$136,551 consisting of approximately \$26,195 expected to be recognized as revenue in the future, \$104,780 to be disbursed to various governmental agencies, and \$5,576 representing accumulated interest earnings that have not yet been transferred to the criminal account.

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INTERNAL CONTROL AND COMPLIANCE

Eugene H. Darnall, CPA, Retired 1990

E. Latry Sikes, CPA, CVA Danny P. Frederick, CPA Clayton F. Darnall, CPA Eugene H. Darnall, III, CPA Paula D. Bihm, CPA Stephanie M. Higginbotham, CPA

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125 Rue Beauregard 1 afayette, 1 A 70508 318.232.3312

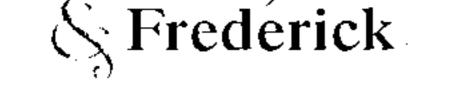
* 1231 E. 1 aurel Avenue Eunice, 1 A 70535 318:457:4146

1201 Brashear Avenue Suite 301 Morgan City, 1 A 70380 504.384.6264

> 404 Pere Megrer Abbeville, 1 A 70510 318,893,5470

> > dsfepas.com

We have audited the general purpose financial statements of the City Court of Abbeville, Louisiana,



Darnall, Sikes

(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>

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

a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 14, 1999 which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, "Disclosures About Year 2000 Issues." We have conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City Court of Abbeville, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under <u>Government Auditing Standards</u>.

10

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City Court of Abbeville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City Court of Abbeville, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable conditions are described in the accompanying on the Member of Member of Findings as items 1998-1, 1998-2 and 1998-3.

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. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose the reportable conditions are material weaknesses.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than those specified parties.

Darnall, Sikes & Trederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana June 14, 1999

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Schedule of Findings For the Year Ended December 31, 1998

Findings Related to Internal Controls:

1998-1 Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the City Court of Abbeville did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. However, City Court should assign accounting functions to various employees so that no one individual collects and deposits cash, performs bank reconciliations, prepares and signs checks, and maintains journals.

1998-2 <u>Reconciliation and Maintenance of Subsidiary Detail of Partial Payment</u> <u>Deposits</u>

Finding:

City Court accepts partial payments of court fines and deposits these partial payments in a separate bank account. City Court was unable to provide a subsidiary listing by payee which reconciled to amounts on deposit in the partial payment bank account. While City Court has a system of filing receipts of partial payments that provides some detail as to the composition of the current cash balance, no effort has been made to reconcile this filing system to cash balances.

Recommendation:

City Court should establish procedures to maintain a subsidiary listing of partial payments that can regularly be reconciled to cash balances.

Schedule of Findings (Continued) For the Year Ended December 31, 1998

1998-3 <u>Timely Preparation of Bank Reconciliations and Monitoring of Outstanding Disbursements and Check</u> <u>Number Sequence</u>

Finding:

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Based on inquiry of City Court employees and analysis of bank reconciliations it was determined that the bank reconciliations were not being prepared on a timely basis. As a result, there was inadequate monitoring of outstanding disbursements and check number sequence.

Recommendation:

Bank reconciliations should be prepared on a monthly basis. The bank reconciliation should be reviewed by an

employee other than the preparer. The reviewer should monitor and follow up on outstanding items and observe check number sequence.

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Schedule of Prior Year Findings For the Year Ended December 31, 1998

Prior Year Findings Related to Internal Control:

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1997-1 Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 1998-1.

1997-2 Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

Status: This finding is unresolved. See current year finding 1998-2.

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Corrective Action Plan For the Year Ended December 31, 1998

Response to Findings:

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1998-1 Inadequate Segregation of Accounting Functions

City Court will segregate accounting functions to the extent possible.

1998-2 Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

City Court intends to investigate the deficiencies in its system of accounting for partial payments and implement procedures to mitigate those deficiencies.

1998-3 <u>Timely Preparation of Bank Reconciliations and Monitoring of Outstanding Disbursements and Check</u> <u>Number Sequence</u>

City Court will implement the auditor's recommendations.