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PINEVILLE CITY COURT

PINEVILLE, LOUISIANA

DECEMBER 31, 1998

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Release Date JUL 7 1999



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

PINEVILLE CITY COURT
PINEVILLE, LOUISIANA

DECEMBER 31, 1998

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT		1-2
GENERAL PURPOSE FINANCIAL STATEMENTS		3
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	A	4
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND	B	5
NOTES TO FINANCIAL STATEMENTS		6-10
REQUIRED SUPPLEMENTAL INFORMATION		11
YEAR 2000 SUPPLEMENTARY INFORMATION		12
OTHER REPORT REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i> AND "LOUISIANA GOVERNMENTAL AUDIT GUIDE"		13
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		14-16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		17-18



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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Phillip Terrell, City Judge
Pineville City Court
Pineville, Louisiana

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Pineville City Court 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 *Government Auditing Standards*, we have also issued a report dated June 9, 1999, on our consideration of the internal control over financial reporting of the Pineville City Court and our tests of its compliance with certain provisions of laws and regulations.

The year 2000 supplementary information on page 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In

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Pineville City Court

addition, we do not provide assurance that the Pineville City Court is or will become year 2000 compliant, that the Court's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Court does business are or will become year 2000 compliant.

Payne, Moore & Herrington, LLP
Certified Public Accountants

June 9, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS

PINEVILLE CITY COURT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1998

EXHIBIT A

	<u>GOVERNMENTAL FUND TYPE</u>	<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUP</u>	
	<u>GENERAL FUND</u>	<u>AGENCY FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
ASSETS				
Cash	\$37,092	\$61,065	\$	\$ 98,157
Accounts receivable	4,781			4,781
Interest receivable	115			115
Fixed assets	<u> </u>	<u> </u>	59,303	<u>59,303</u>
<u>TOTAL ASSETS</u>	<u>\$41,988</u>	<u>\$61,065</u>	<u>\$59,303</u>	<u>\$162,356</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities				
Accounts payable	\$10,671	\$	\$	\$ 10,671
Advance court costs	<u> </u>	61,065	<u> </u>	<u>61,065</u>
Total Liabilities	10,671	61,065		71,736
Equity and Other Credits				
Investment in general fixed assets			59,303	59,303
Fund Balance				
Unreserved - undesignated	<u>31,317</u>	<u> </u>	<u> </u>	<u>31,317</u>
Total Equity and Other Credits	<u>31,317</u>	<u>-0-</u>	<u>59,303</u>	<u>90,620</u>
<u>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</u>	<u>\$41,988</u>	<u>\$61,065</u>	<u>\$59,303</u>	<u>\$162,356</u>

The accompanying notes are an integral part of the financial statements.

PINEVILLE CITY COURT
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUND TYPE - GENERAL FUND
 YEAR ENDED DECEMBER 31, 1998

EXHIBIT B

REVENUES

Charges for services	
Court costs	\$ 47,783
Probation fees	42,795
Driver improvement program	7,290
Juvenile program	4,000
Interest	2,088
Other	<u>300</u>
Total Revenues	104,256

EXPENDITURES

Current	
Clerks' salary supplement	61,475
Retirement	6,329
Office supplies and expenses	3,088
Dues	390
Travel and seminars	6,702
Professional services	12,425
Computer fees and expenses	5,034
Insurance	672
Repairs and maintenance	768
Telephone	2,760
Legal publications	3,055
Miscellaneous	186
Probation program	5,710
Driver improvement program	825
Capital outlay	<u>2,068</u>
Total Expenditures	<u>111,487</u>

EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,231)
FUND BALANCE, BEGINNING OF YEAR	<u>38,548</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 31,317</u>

The accompanying notes are an integral part of the financial statements.

PINEVILLE CITY COURT
DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Pineville City Court (the Court), a component unit of the City of Pineville, Louisiana, was established under the authority of Louisiana Revised Statutes 13:1871 - 2512. Its territorial jurisdiction extends throughout Wards 9, 10, and 11 of Rapides Parish in which the City of Pineville is located. The Court is composed of a city judge (elected), and a clerk of court (appointed by the City Judge).

Funds flowing through the court consist mainly of court costs and penalties in criminal cases, and deposits in civil cases. In all criminal matters, the judge assesses court costs in accordance with state statutes. Such costs are used by the judge to defray the operating expenses of the court or for the payment of clerical fees and similar expenditures as approved by the judge. Criminal court costs are collected by the City Marshall (a separately elected official) and remitted to the Court monthly.

The accompanying statements of the Pineville City Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the Court is a component unit of the City of Pineville, Louisiana (the City), the governing body of the City. The accompanying financial statements present information only on the funds and account group maintained by the Court and do not present information of the City and the governmental services provided by it.

The following is a summary of certain significant accounting policies and practices of the Court.

Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. In these financial statements, funds are classified into two categories: governmental and fiduciary. Each category, in turn, is divided into separate "fund types".

PINEVILLE CITY COURT
DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

Governmental funds are used to account for all or most of a government's general activities. The general fund is used to account for all activities of the general government not accounted for in some other fund. The general fund is the only governmental fund necessary to account for operations of the Court.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The fiduciary fund used by the Court consists of one agency fund: The Civil Fee Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

An account group 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. An account group is concerned only with the measurement of financial position and is not involved with measurement of operations. The only account group presently used by the Court is General Fixed Assets.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 all governmental and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

Those revenues subject to accrual are court costs and interest revenue. The other revenues of the Court are not susceptible to accrual because generally they are not measurable until received in cash.

Budgets

Under state statutes, the Court is not required to adopt a budget for any of its funds.

PINEVILLE CITY COURT
DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

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. Cash consisted of amounts in demand deposits. All deposits of the Court at year end were entirely covered by federal depository insurance.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire them. Instead, capital acquisitions are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. General fixed assets are reported at actual historical cost. Assets in the General Fixed Assets Account Group are not depreciated.

Bad Debts

Accounts receivable are recognized as bad debts as they are considered uncollectible. In the opinion of management, all accounts receivable were collectible and an allowance for doubtful accounts was not considered necessary.

Advance Court Costs

Advance court costs represent money received in connection with civil suits. The plaintiff of each civil suit is required to make an advance payment to cover the cost incurred by the court in processing the suit. These cash advances remain in the advance court cost account until they are earned, at which time they are disbursed to the proper entities, or until the case has been dismissed and the remaining amount is refunded.

Clerks' Salary Supplement

The salaries of the judge, clerk of court, and deputy clerks are paid directly by the City of Pineville. The Court pays an agreed-upon amount to the City of Pineville to supplement the salary of the clerk and deputy clerks.

Office Space

The City of Pineville is required by statute to furnish office space to the Court without charge.

PINEVILLE CITY COURT
DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Memorandum Only - Total Column

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, results of operations, or changes in 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.

2. CHANGES IN GENERAL FIXED ASSETS

The following is a summary of changes in general fixed assets:

	BALANCE <u>JANUARY 1, 1998</u>	ADDITIONS	BALANCE <u>DECEMBER 31, 1998</u>
Equipment	\$57,235	\$2,068	\$59,303

3. CHANGES IN AGENCY FUND ASSETS AND LIABILITIES

The following is a summary of changes in assets and liabilities of the agency fund for 1998:

	BALANCE <u>1/1/98</u>	ADDITIONS	DEDUCTIONS	BALANCE <u>12/31/98</u>
CIVIL FEE AGENCY FUND				
ASSETS				
Cash	\$41,170	\$143,580	\$(123,685)	\$61,065
LIABILITIES				
Advance court costs	\$41,170	\$143,580	\$(123,685)	\$61,065

PINEVILLE CITY COURT
DECEMBER 31, 1998

NOTES TO FINANCIAL STATEMENTS

4. AGENCY FUND DISBURSEMENTS

The following is a summary of disbursements from the agency fund for 1998:

City Judge	\$ 36,895
City Marshal	21,968
Clerk fee	6,241
Judge's supplemental compensation fund	11,337
Louisiana State Employees' Retirement System	5,714
Other costs and fees	18,693
Refunds	<u>22,837</u>
	\$123,685

5. PENSION PLANS

The Court contributes to the Louisiana State Employees' Retirement System (the System), a cost sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. All state employees, except certain classes excluded by statute, become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they are eligible for membership. Elected officials and officials appointed by the Governor may, at their option, become members of the System.

The System provides retirement, death, and disability benefits to plan members and beneficiaries. Benefits are established by the state statute. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (800) 256-3000.

Covered employees are required by state statute to contribute 11.5 percent of their salary to the plan. The Court contributes an actuarially determined rate, presently set at 12.4% of the member's annual salary. Contributions to the System for the years ended December 31, 1998, 1997, and 1996 were \$6,329, \$5,372, and \$4,583, respectively, which were equal to the required contributions for each year.

6. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts, damage to, theft of, and destruction of assets; errors and omissions, injuries to employees and the public; and natural disasters. The City of Pineville carries commercial insurance including workers' compensation and employee health and accident insurance. In addition, the Court carries fidelity bonds on the clerks. No claims from these risks have exceeded commercial insurance coverage in any of the past three years.

REQUIRED SUPPLEMENTAL INFORMATION

PINEVILLE CITY COURT
REQUIRED SUPPLEMENTAL INFORMATION
YEAR 2000 SUPPLEMENTARY INFORMATION
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 System's operations as early as fiscal year 1999.

The Court has completed an inventory of its computer system and other electronic equipment that may be affected by the year 2000 issue which is necessary to conducting System operations and has identified the financial reporting system and court reporting system as being mission critical. The Court relies on a vendor to provide the financial reporting system and for assessment, remediation, testing, and validation of this system as being year 2000 compliant. The court reporting system is part of the City of Pineville's system and is not under the control of the management of the Pineville City Court.

During the year ended December 31, 1998, the Court did not expend any funds in regards to the year 2000 issue. No funds were committed to this project as of December 31, 1998, and no specific amount was budgeted for the year ending December 31, 1999.

Subsequent to December 31, 1998, the Court purchased an upgrade to its financial reporting system software that is represented by the vendor as being year 2000 compliant. The financial reporting system hardware is scheduled for testing for year 2000 compliance in the summer of 1999.

The City of Pineville is responsible for testing, remediating, and validating the court reporting system and is responsible for any costs associated with this project. The Court has been informed that, as of December 31, 1998, the court reporting system was in the remediation phase.

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

See independent auditor's report.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND LOUISIANA GOVERNMENTAL AUDIT GUIDE**

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



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

Phillip Terrell, City Judge
Pineville City Court
Pineville, Louisiana

We have audited the accompanying general purpose financial statements of the Pineville City Court (the Court), a component unit of the City of Pineville, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 9, 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 financial statements of the Court 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 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 material 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 internal control of the Court 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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a

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Pineville City Court

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 operations that we consider to be material weaknesses.

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

Payne, Moore & Herrington, LLP
Certified Public Accountants

June 9, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

