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**CITY COURT OF MORGAN CITY
Morgan City, Louisiana**

Financial Report

For the Year Ended 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 JUL 14 1999

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INDEPENDENT AUDITORS' REPORT

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

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

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

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

In our opinion, except for the omission discussed in the previous paragraphs, 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 Morgan City, 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 29, 1999 on our consideration of the City Court of Morgan City's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City Court of Morgan City, Louisiana, taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City Court of Morgan City. 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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Morgan City, Louisiana
June 29, 1999

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1998

	Governmental Fund Types					Total (Memorandum Only)
	General Fund	Special Revenue Fund		Fiduciary Fund Type Agency Funds	Account Group General Fixed Assets	
		DWI Special Cost Fund				
ASSETS AND OTHER DEBITS						
Assets:						
Cash	\$ 41,179	\$ 66,713	\$ 76,674	\$ -	\$ -	\$ 184,566
Due from other funds	9,364	800	34,361	-	-	44,525
Other Debits:						
Furniture, fixtures, and equipment	-	-	-	129,071	-	129,071
Total assets and other debits	\$ 50,543	\$ 67,513	\$ 111,035	\$ 129,071	\$ -	\$ 358,162
LIABILITIES, EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable	\$ 6,739	\$ -	\$ -	\$ -	\$ -	\$ 6,739
Due to judge	-	-	1,703	-	-	34,759
Due to others	-	-	34,759	-	-	44,525
Due to other funds	174	-	44,351	-	-	30,272
Due to other governmental units	50	-	30,222	-	-	116,295
Total Liabilities	6,963	-	111,035	-	-	129,071
Equity and Other Credits:						
Investment in general fixed assets	-	-	-	129,071	-	129,071
Fund balances:						
Unreserved - undesignated	43,580	67,513	-	-	-	111,093
Total Equity and Other Credits	43,580	67,513	-	129,071	-	240,164
Total liabilities, equity, and other credits	\$ 50,543	\$ 67,513	\$ 111,035	\$ 129,071	\$ -	\$ 356,459

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund Types
Year Ended December 31, 1998

	General Fund	Special Revenue Fund DWI Special Cost Fund	Total (Memorandum Only)
Revenues:			
Fees, charges, and commissions for services:			
Court costs, fees, and fines	\$ 88,330	\$ 2,400	\$ 90,730
Intetest income	2,374	2,464	4,838
Miscellaneous	500	-	500
Total revenues	<u>91,204</u>	<u>4,864</u>	<u>96,068</u>
Expenditures:			
General government:			
Operating services	35,469	-	35,469
Materials and supplies	30,993	-	30,993
Travel and other charges	6,355	-	6,355
Capital outlay	24,807	-	24,807
Total expenditures	<u>97,624</u>	<u>-</u>	<u>97,624</u>
Excess (deficiency) of revenues over expenditures	(6,420)	4,864	(1,556)
Fund balances, beginning	<u>50,000</u>	<u>62,649</u>	<u>112,649</u>
Fund balances, ending	<u>\$ 43,580</u>	<u>\$ 67,513</u>	<u>\$ 111,093</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies -

A. Basis of Presentation

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

The following is a summary of certain significant accounting policies:

B. Financial Reporting Entity

The city court judges and marshals are independently elected officials. However, the city court is fiscally dependent on the City of Morgan City for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the city court is fiscally dependent on the city, the city court was determined to be a component unit of the City of Morgan City, the financial reporting entity. These financial statements report only the City Court of Morgan City, the component unit.

C. Fund Accounting

The accounts of the City Court of Morgan City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

Governmental Funds -

General Fund

The general fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Financial Statements

Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, fees, et cetera. Disbursements from these funds are made to various governmental agencies, litigants in suits, et cetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

D. General Fixed Assets and Long-Term Obligations

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

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

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

E. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

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

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Financial Statements

F. Budgetary Practice

City Courts are not required under Louisiana Revised Statute 39:1301 et seq to adopt a budget. The City Court of Morgan City has elected not to prepare a budget. Accordingly, budgeted figures are not included in this financial report.

G. Employee Retirement Benefits

Employees of the City Court are included on the City of Morgan City and the Parish of St. Mary's payroll and participate in the same retirement systems as the employees of those entities. Additionally, fees earned from civil court cases are eligible for retirement funding in this system are the same percentages as employee payroll.

H. Total Columns on Combined Statements - Overview

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 financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash

Under state law, 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 in Louisiana. At December 31, 1998, City Court has cash balances (book balances) totaling \$184,566.

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, totaled \$208,280 and are fully secured from risk by federal deposit insurance.

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 the City Court's name. Even though the pledged securities are considered uncollateralized (Category 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 City Court that the fiscal agent has failed to pay deposited funds upon demand.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Financial Statements

(3) General Fixed Assets

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

	January 1, 1998	Additions	Deletions	Balance, December 31, 1998
Furniture, fixtures, and equipment	<u>\$104,264</u>	<u>\$ 24,807</u>	<u>\$ -</u>	<u>\$ 129,071</u>

(4) Interfund Receivables and Payables

Details of interfund receivables and payables at December 31, 1998 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 9,364	174
Special Revenue Fund	800	-
Agency Funds:		
Fines and Costs Fund	34,187	6,000
Civil Court Fund	-	1,987
Bond Fund	<u>174</u>	<u>36,364</u>
Totals	<u>\$ 44,525</u>	<u>\$ 44,525</u>

(5) Expenditures of the City Court Office Paid by the City of Morgan City

The cost of some expenditures for the operation of the City Court of Morgan City, as required by Louisiana Revised Statute 13:1889, is paid by the City of Morgan City, Louisiana. Such expenditures are not included in the accompanying financial statements.

(6) Intergovernmental -- City of Morgan City

Louisiana Revised Statutes 13:2005.B requires funds accumulated in the general fund in excess of \$50,000 to be transferred to the general fund of the City of Morgan City and shall be used for the purposes of construction and maintenance of the City Court and related facilities. The general fund realized a deficiency of revenues over expenditures for the year ended December 31, 1998. Accordingly, no amount is reflected as due to the City of Morgan City for accumulated excesses.

SUPPLEMENTAL INFORMATION

SCHEDULES OF INDIVIDUAL FUNDS

AGENCY FUNDS

Fines and Costs Fund - To distribute bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Civil Court Fund - To account for the receipt and subsequent disbursement of civil docket fees, small claims fees, and garnishments.

Bond Fund - To account for the collection of bonds, fines, and costs in criminal proceedings.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana
Fiduciary Fund Type - Agency Funds

Combining Balance Sheet
December 31, 1998

	Fines and Costs Fund	Civil Court Fund	Bond Fund	Totals
ASSETS				
Cash	\$ 67	\$ 35,689	\$ 40,918	\$ 76,674
Due from other funds	34,187	-	174	34,361
Total assets	<u>\$ 34,254</u>	<u>\$ 35,689</u>	<u>\$ 41,092</u>	<u>\$ 111,035</u>
LIABILITIES				
Due to judge	-	\$ 1,703	-	\$ 1,703
Due to others	-	30,031	4,728	34,759
Due to other funds	6,000	1,987	36,364	44,351
Due to governmental units	28,254	1,968	-	30,222
Total liabilities	<u>\$ 34,254</u>	<u>\$ 35,689</u>	<u>\$ 41,092</u>	<u>\$ 111,035</u>

CITY COURT OF MORGAN CITY
Morgan City, Louisiana
Fiduciary Fund Type - Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended December 31, 1998

	Fines and Costs Fund	Civil Court Fund	Bond Fund	Totals
Balances, beginning of year	\$ 85	\$ 31,269	\$ 49,314	\$ 80,668
Additions:				
Deposits-				
Civil suits and garnishments	-	58,640	-	58,640
Fines and court costs	-	-	362,463	362,463
Transfers from bond fund	342,221	-	-	342,221
Total additions	<u>342,221</u>	<u>58,640</u>	<u>362,463</u>	<u>763,324</u>
Total	342,306	89,909	411,777	843,992
Reductions:				
Deposits settled to:				
Acadiana Criminalistic Laboratory	8,370	-	-	8,370
City Court of Morgan City				
DWI Special Cost Fund	2,250	-	-	2,250
Fines and Costs Fund	-	-	342,221	342,221
General Fund	57,647	2,665	14,442	74,754
City of Morgan City	180,501	-	-	180,501
Indigent Defender Board	42,928	-	-	42,928
Louisiana Rehabilitation Services	3,470	-	-	3,470
Judge	-	25,683	-	25,683
Judges Supplemental Compensation Fund	-	9,608	-	9,608
Marshal's Cost Fund	36,795	10,922	-	47,717
State Crime Victim's Cost Fund	4,230	-	-	4,230
Supreme Court	4,906	-	-	4,906
Other	1,142	5,342	-	6,484
Refunds	-	-	14,196	14,196
Total reductions	<u>342,239</u>	<u>54,220</u>	<u>370,859</u>	<u>767,318</u>
Balances, end of year	<u>\$ 67</u>	<u>\$ 35,689</u>	<u>\$ 40,918</u>	<u>\$ 76,674</u>

**COMPLIANCE, INTERNAL CONTROL
AND OTHER INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

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

We have audited the general purpose financial statements of the City Court of Morgan City, a component unit of the City of Morgan City, Louisiana, as of and for the year ended December 31, 1998, and have issued our report thereon dated June 29, 1999, which was qualified due to the omission of disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues. 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 Morgan City's 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 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 Morgan City'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 material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the City Court of Morgan City. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Morgan City, Louisiana
June 29, 1999

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended Decemebr 31, 1998

Fiscal Year Finding Initially Ref. No.	Occurred	Description of Finding	Planned Corrective	
			Corrective Action Taken (Yes, No, Partially)	Action/Partial Corrective Action Taken

Section I - Internal control and compliance material to the financial statements.

No internal control or compliance matters reported.

Section II - Management letter

97-1	1997	Duplicate receipt numbers	Yes	Caution observed upon re-order from printer
97-2	1997	Unsettled deposit civil registry differed from general	Yes	Investigation of identified difference performe and reconciled

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Corrective Action Plan for Current Year Findings
Year Ended Decemebr 31, 1998

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Section I - Internal control and compliance material to the financial statements.

No internal control or compliance matters reported.

Section II - Management letter

No management letter items reported.