

# **PINEVILLE CITY COURT**

**PINEVILLE, LOUISIANA**

**DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8-11-04

**PINEVILLE CITY COURT**

**DECEMBER 31, 2003**

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PAYNE, MOORE & HERRINGTON, LLP

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, 2003, 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 auditing standards generally accepted in the United States of America 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 in the first paragraph present fairly, in all material respects, the financial position of the Pineville City Court as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2004, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Payne Moore & Herrington, LLP*  
Certified Public Accountants

June 24, 2004

MARVIN A. JUNGAR, C.P.A.  
B. FRED RANDOM, C.P.A.  
ERNEST T. SASSER, C.P.A.

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**GENERAL PURPOSE FINANCIAL STATEMENTS**

**PINEVILLE CITY COURT  
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2003**

**EXHIBIT A**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Agency Funds</u>	<u>General Fixed Assets</u>	
<b>ASSETS</b>					
Cash	\$ 2,452	\$ 34,212	\$ 235,319	\$	\$ 271,983
Accounts receivable	5,818				5,818
Due from Agency Funds		1,687			1,687
Fixed assets				124,873	124,873
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 8,270</u></b>	<b><u>\$ 35,899</u></b>	<b><u>\$ 235,319</u></b>	<b><u>\$ 124,873</u></b>	<b><u>\$ 404,361</u></b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 5,111	\$ 4,925	\$	\$	\$ 10,036
Due to Special Revenue Fund			1,687		1,687
Advance court costs			232,620		232,620
Due to others			1,012		1,012
Total Liabilities	5,111	4,925	235,319	-	245,355
<b>EQUITY AND OTHER CREDITS</b>					
Investment in general fixed assets				124,873	124,873
Fund Balance					
Unreserved - undesignated	3,159	30,974			34,133
Total Equity and Other Credits	3,159	30,974	-	124,873	159,006
<b><u>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</u></b>	<b><u>\$ 8,270</u></b>	<b><u>\$ 35,899</u></b>	<b><u>\$ 235,319</u></b>	<b><u>\$ 124,873</u></b>	<b><u>\$ 404,361</u></b>

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

**PINEVILLE CITY COURT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED DECEMBER 31, 2003**

**EXHIBIT B**

	General Fund	Special Revenue Fund	Total (Memorandum Only)
<b>REVENUES</b>			
Charges for services			
Court costs	\$ 64,620	\$	\$ 64,620
Probation fees		117,910	117,910
Driver improvement program fees		7,525	7,525
Interest	76	18	94
Other	1,083	392	1,475
<b>Total Revenues</b>	<b>65,779</b>	<b>125,845</b>	<b>191,624</b>
<b>EXPENDITURES</b>			
Current			
Clerks' salary supplement	39,342	56,340	95,682
Retirement	10,421		10,421
Office supplies and expenses	1,434	489	1,923
Dues	200		200
Computer fees and expenses	2,442	5,628	8,070
Travel and seminars	7,503	6,534	14,037
Telephone	1,087		1,087
Professional services	2,750	15,281	18,031
State of Louisiana - Sex Offenders Registration Fund		7,932	7,932
Theft losses		5,954	5,954
Miscellaneous	1,648	3,325	4,973
Capital outlay	541	27,344	27,885
<b>Total Expenditures</b>	<b>67,368</b>	<b>128,827</b>	<b>196,195</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,589)</b>	<b>(2,982)</b>	<b>(4,571)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in (out)	2,000	(2,000)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>411</b>	<b>(4,982)</b>	<b>(4,571)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,748</b>	<b>35,956</b>	<b>38,704</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 3,159</b>	<b>\$ 30,974</b>	<b>\$ 34,133</b>

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

**PINEVILLE CITY COURT**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2003**

EXHIBIT C

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>						
Charges for services						
Court costs	\$ 63,538	\$ 64,620	\$ 1,082	\$	\$	\$
Probation fees				118,500	117,910	(590)
Driver improvement program fees				7,525	7,525	-
Interest	68	76	8	18	18	-
Other	1,083	1,083	-	392	392	-
Total Revenues	<u>64,689</u>	<u>65,779</u>	<u>1,090</u>	<u>126,435</u>	<u>125,845</u>	<u>(590)</u>
<b>EXPENDITURES</b>						
Current						
Clerks' salary supplement	38,272	39,342	(1,070)	56,340	56,340	-
Retirement	10,650	10,421	229			-
Office supplies and expenses	1,757	1,434	323	4,212	489	3,723
Dues	200	200	-			-
Computer fees and expenses	2,149	2,442	(293)	8,725	5,628	3,097
Travel and seminars	7,503	7,503	-		6,534	(6,534)
Telephone	1,087	1,087	-			-
Professional services	3,950	2,750	1,200	11,781	15,281	(3,500)
State of Louisiana - Sex Offenders Registration Fund				6,507	7,932	(1,425)
Theft losses				5,954	5,954	-
Miscellaneous	1,354	1,648	(294)	1,579	3,325	(1,746)
Capital outlay	116	541	(425)	28,491	27,344	1,147
Total Expenditures	<u>67,038</u>	<u>67,368</u>	<u>(330)</u>	<u>123,589</u>	<u>128,827</u>	<u>(5,238)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,349)</u>	<u>(1,589)</u>	<u>760</u>	<u>2,846</u>	<u>(2,982)</u>	<u>(5,828)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in (out)	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(349)</u>	<u>411</u>	<u>760</u>	<u>846</u>	<u>(4,982)</u>	<u>(5,828)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>2,748</u>	<u>2,748</u>	<u>-</u>	<u>35,956</u>	<u>35,956</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,399</u>	<u>\$ 3,159</u>	<u>\$ 760</u>	<u>\$ 36,802</u>	<u>\$ 30,974</u>	<u>\$ (5,828)</u>

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

**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**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. The judge uses such costs to defray the operating expenses of the court or for the payment of clerical fees and similar expenditures as approved by the judge.

The accompanying statements of the Pineville City Court have been prepared in conformity with accounting principles generally accepted in the United States of America (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 accompanying financial statements present information only on the funds and account groups maintained by the Court and do not present information about 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".

Governmental funds are used to account for all or most of the Court's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

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 funds, used by the Court, consist of three agency funds: the Civil Fee Fund, the Criminal Bonds Fund, and the Fines and Court Costs Fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.



**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**NOTES TO FINANCIAL STATEMENTS**

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**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, which is also consistent with state law. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at the end of the fiscal year. Budgets are prepared by the clerk of court and submitted to the judge for approval prior to the beginning of the Court's fiscal year. All budgets are controlled at the fund level. As conditions warrant, budgetary amendments are prepared by the clerk of court and submitted to the judge for his approval. Budgeted amounts shown in the accompanying financial statements reflect all amendments.

**Cash**

Under state law, the Court may deposit funds with 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 deposit accounts.

**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.

**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**NOTES TO FINANCIAL STATEMENTS**

**Bad Debts**

Accounts receivable are recognized as bad debts as they become 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 refunded.

**Clerks' Salary Supplement**

The salaries of the judge, clerk of court, and deputy clerks are paid directly by the City of Pineville or the Rapides Parish Police Jury. The Court pays an agreed-upon amount to the City of Pineville or the Rapides Parish Police Jury 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.

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 columns on the general purpose financial statements are 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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**NOTES TO FINANCIAL STATEMENTS**

**2. CASH**

At year-end, the Court's deposits were entirely covered by federal depository insurance or by collateral held by the Court or its agent in the Court's name (GASB Category 1).

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 at least equal the amount on deposit with the fiscal agent.

**3. CHANGES IN GENERAL FIXED ASSETS**

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

	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/03</u>
Furniture, fixtures, and equipment	\$ 113,283	\$ 22,542	\$ 16,295	\$ 119,530
Records storage building		5,343		5,343
	<u>\$ 113,283</u>	<u>\$ 27,885</u>	<u>\$ 16,295</u>	<u>\$ 124,873</u>

**4. CHANGES IN AGENCY FUND ASSETS AND LIABILITIES**

The following is a summary of changes in assets and liabilities of the agency funds for 2003:

	<u>Balance 01/01/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/03</u>
<b>CIVIL FEE AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	\$ 152,067	\$ 272,897	\$ (192,344)	\$ 232,620
<b>LIABILITIES</b>				
Advance court costs	\$ 152,067	\$ 272,897	\$ (192,344)	\$ 232,620
<b>CRIMINAL BONDS AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 8,652	\$ (7,640)	\$ 1,012
<b>LIABILITIES</b>				
Due to others	\$ -	\$ 8,652	\$ (7,640)	\$ 1,012
<b>FINES AND COURT COSTS</b>				
<b>AGENCY FUND</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 235,805	\$ (234,118)	\$ 1,687
<b>LIABILITIES</b>				
Due to special revenue fund	\$ -	\$ 2,000	\$ (313)	\$ 1,687
Due to others	-	233,805	(233,805)	-
Total Liabilities	<u>\$ -</u>	<u>\$ 235,805</u>	<u>\$ (234,118)</u>	<u>\$ 1,687</u>

**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**NOTES TO FINANCIAL STATEMENTS**

**5. AGENCY FUND DISBURSEMENTS**

The following is a summary of disbursements from the agency funds for 2003:

	<u>Civil Fees</u>	<u>Criminal Bonds</u>	<u>Fines and Court Costs</u>	<u>Totals</u>
City Judge	\$ 20,759	\$	\$	\$ 20,759
City Marshal	20,907		17,645	38,552
City of Pineville – fines and fees			89,630	89,630
Pineville City Court – court costs and assessments			54,168	54,168
Clerk fee	6,770			6,770
Judge's supplemental compensation fund	37,167			37,167
Louisiana State Employees' Retirement System	8,420			8,420
Other costs and fees	43,209	3,903	69,122	116,234
Refunds	55,112	3,737	3,240	62,089
	<u>\$ 192,344</u>	<u>\$ 7,640</u>	<u>\$ 233,805</u>	<u>\$ 433,789</u>

**6. 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 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% of their salary to the plan. The Court contributes an actuarially determined rate, which at year-end was set at 15.8% of the member's annual salary. Contributions to the System for the years ended December 31, 2003, 2002, and 2001 were \$10,421, \$8,632, and \$6,859, respectively, which were equal to the required contributions for each year.

**7. RISK MANAGEMENT**

The Court is exposed to various risks of loss related to torts; damage to, theft of, or 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.

**PINEVILLE CITY COURT  
DECEMBER 31, 2003**

**NOTES TO FINANCIAL STATEMENTS**

**8. SUBSEQUENT EVENTS**

**GASB 34 Implementation**

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for all state and local governments, consisting of the following:

- A. **Management's Discussion and Analysis (MD&A) section providing an analysis of the government entity's overall financial position and results of operations.**
- B. **Basic Financial Statements:**
  - 1) **Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. These statements are designed to provide a broad overview of a government entity's finances, in a manner similar to private sector business.**
  - 2) **Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds, using the modified accrual basis of accounting, and enterprise funds, if any.**
  - 3) **Notes to the financial statements that include various disclosures for the government-wide and fund financial statements to ensure that a complete picture is presented.**
  - 4) **Required supplementary information, such as budgetary comparison schedules.**

In addition, this new GASB statement requires depreciation expense to be reported in the government-wide financial statements. However, depreciation expense will not be reported in the fund statements that use the modified accrual basis of accounting.

GASB 34 becomes effective for the Court and the general provisions will be implemented for the fiscal year ending December 31, 2004.

**OTHER REPORTS 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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**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, 2003, and have issued our report thereon dated June 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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*.

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PAYNE, MOORE & HERRINGTON, LLP

Phillip Terrell, City Judge  
Pineville City Court  
Pineville, Louisiana

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. However, we noted a certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. 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 judgment, could adversely affect the Court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. This reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 2003-01.

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 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 necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

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. However, under Louisiana Revised Statute 21:513, this report is in fact a public document.

*Payne, Moore & Herrington, LLP*  
Certified Public Accountants

June 24, 2004

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PINEVILLE CITY COURT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	<u>  x  </u> no
Reportable conditions identified that are not considered to be material weaknesses?	<u>  x  </u> yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	<u>  x  </u> no
<i>Management's Corrective Action Plan</i>	Attached	
<i>Management's Summary Schedule of Prior Audit Findings</i>	Not Applicable	
<i>Memorandum of Other Comments and Recommendations</i>	None Issued	
<i>Federal Awards</i>	Not Applicable	

**SECTION II - FINANCIAL STATEMENT FINDINGS**

FINDING 2003-01

ALLEGED THEFT OF COURT FUNDS

*Condition:* An alleged theft of funds under the control of the court occurred during the early part of the year ending December 31, 2003. The alleged theft involved circumvention of established policies and procedures. The Court's internal controls detected the alleged theft. The alleged theft was reported to all of the proper authorities, including the Legislative Auditor's office. It is our understanding that the state police investigation into this matter is still in progress.

Subsequent to the discovery of the alleged theft, additional controls were instituted by management to prevent future circumvention of established policies and procedures.

*Management's Response:* See Management's Corrective Action Plan.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Not applicable.

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

**PINEVILLE CITY COURT  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2003**

**FINDING 2003-01**

**ALLEGED THEFT OF COURT FUNDS**

***Management's Response:***

**This alleged theft resulted from circumvention of established policies by one or more former employees. It was detected by controls in place and reported to all proper authorities. Increased security measures are in place to prevent a reoccurrence. The matter is under investigation by the state police.**