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**CITY COURT OF MORGAN CITY**  
Morgan City, Louisiana  
  
Financial Report  
  
Year Ended 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 9-1-04

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## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information 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, 2003, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City Court of Morgan City's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Morgan City as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note (2), the City Court of Morgan City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of December 31, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated June 21, 2004, 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, regulations, contracts, and grants. 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.

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The required supplementary information on page 24 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City Court of Morgan City has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Morgan City's basic financial statements. The other supplementary information on pages 28 and 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 21, 2004

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Net Assets  
December 31, 2003

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 148,426
Noncurrent assets:	
Capital assets, net	<u>34,394</u>
Total assets	<u>182,820</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	1,062
Due to other governments	<u>36,150</u>
Total liabilities	<u>37,212</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	34,394
Restricted for special purposes	61,214
Unrestricted	<u>50,000</u>
Total net assets	<u>\$ 145,608</u>

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Activities  
Year Ended December 31, 2003

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
Governmental activities:	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General government	\$ 68,729	\$ 11,296	\$ -	\$ 29,368
General revenues:				
Interest and investment earnings				907
Miscellaneous				248
Total general revenues				<u>1,155</u>
Change in net assets				30,523
Net assets - January 1, 2003				143,310
Residual equity transfer				<u>(28,225)</u>
Net assets - December 31, 2003				<u>\$ 145,608</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

## **MAJOR FUND DESCRIPTION**

### **General Fund**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Balance Sheet - Governmental Fund  
June 30, 2003

	<u>General Fund</u>	<u>DWI Special Revenue Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 87,212</u>	<u>\$ 61,214</u>	<u>\$ 148,426</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,062	\$ -	\$ 1,062
Due to other governments	<u>36,150</u>	<u>-</u>	<u>36,150</u>
Total liabilities	37,212	-	37,212
<b>Fund balances:</b>			
Unreserved - undesignated	<u>50,000</u>	<u>61,214</u>	<u>111,214</u>
Total liabilities and fund balance	<u>\$ 87,212</u>	<u>\$ 61,214</u>	<u>\$ 148,426</u>

The accompanying notes are an integral part of the basic financial statement.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Assets  
December 31, 2003

Total fund balance for the governmental fund at December 31, 2003		\$ 111,214
Cost of capital assets at December 31, 2003	\$ 122,650	
Less: Accumulated depreciation	<u>(88,256)</u>	<u>34,394</u>
Total net assets of governmental activities at December 31, 2003		<u>\$ 145,608</u>

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
Year Ended December 31, 2003

	<u>General Fund</u>	<u>DWI Special Revenue Fund</u>	<u>Total</u>
<b>Revenues:</b>			
Fees, charges and commissions -			
Court costs, fees, and fines	\$ 84,101	\$ 2,700	\$ 86,801
Intergovernmental	11,296	-	11,296
Interest income	446	461	907
Miscellaneous	248	-	248
Total revenues	<u>96,091</u>	<u>3,161</u>	<u>99,252</u>
<b>Expenditures:</b>			
Current-			
General government-			
Operating services	26,422	-	26,422
Materials and supplies	18,575	-	18,575
Travel and other charges	5,782	-	5,782
Total expenditures	<u>50,779</u>	<u>-</u>	<u>50,779</u>
Excess of revenues over expenditures	45,312	3,161	48,473
Fund balance, beginning	32,913	58,053	90,966
Residual equity transfer	<u>(28,225)</u>	<u>-</u>	<u>(28,225)</u>
Fund balance, ending	<u>\$ 50,000</u>	<u>\$ 61,214</u>	<u>\$ 111,214</u>

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance of Governmental Fund  
to the Statement of Activities  
For the Year Ended December 31, 2003

Total net change in fund balance for the year ended December 31, 2003 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 48,473
Less: Depreciation expense for year ended December 31, 2003	<u>(17,950)</u>
Total change in net assets for the year ended December 31, 2003 per Statement of Activities	<u>\$ 30,523</u>

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Fiduciary Net Assets  
December 31, 2003

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 127,264
Due from other agency funds	<u>24,744</u>
Total assets	<u>\$ 152,008</u>
<b>LIABILITIES</b>	
Cash overdraft	\$ 5,413
Due to others	121,851
Due to other agency funds	<u>24,744</u>
Total liabilities	<u>\$ 152,008</u>

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

As provided by LSA-RS 13:1871 et seq, the City Court of Morgan City (Court) accounts for the operation of the Court's office. The City Court Judge is elected for a six-year term.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Morgan City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria includes:

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

Because the City provides the City Court of Morgan City with office space and pays the salaries and benefits of Court employees, the Court was determined to be a component unit of the City of Morgan City, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments, issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The statement of activities presents a comparison between direct expenses and program revenues for the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by the Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Court is considered to be a major fund. The funds of the Court are described below:

Governmental Funds –

General Fund – This fund is the primary operating fund of the Court and it accounts for the operations of the Court's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court's policy.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

Special Revenue Fund - is 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. The DWI Special Cost Fund is used to account for the proceeds of a special \$50 court cost assessed for each DWI ticket issued.

Fiduciary Funds -

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The agency funds are as follows:

Fines and Costs Fund – accounts for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Civil Court Fund – accounts for advance deposits in civil suits and the receipt and disbursement of civil docket fees, small claims fees, and garnishments.

Bond Fund – accounts for the collection of bonds and for the receipt and disbursement of fines and costs in criminal proceedings.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

- b. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

**D. Assets, Liabilities, and Equity**

**Cash and interest-bearing deposits**

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Court.

The Court has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. See Note (3) for other GASB No. 3 disclosures.

**Investments**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office furniture	5 years
Equipment	5 years
Improvements	10-20 years

Restricted net assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

E. Revenues, Expenditures, and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the funds financial statements, expenditures are classified as follows:

Governmental Funds – By Character

F. Budgetary and Budgetary Accounting

The City Court of Morgan City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$250,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the City Court of Morgan City. Such amendments were not material in relation to the original appropriations.

G. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at December 31, 2003.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

(2) Changes in Accounting Principles

For the year ended December 31, 2003, the Court has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Court’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The Court also implemented GASB Statement No. 37, Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of "net assets" as follows:

Total fund balance - Governmental Funds at December 31, 2002		\$ 90,966
Add: Cost of capital assets at December 31, 2002	\$ 126,530	
Less: Accumulated depreciation at December 31, 2002	<u>(74,186)</u>	<u>52,344</u>
Net assets at December 31, 2002		<u>\$ 143,310</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the Court has cash and cash equivalents (book balances) totaling \$275,690 as follows:

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
Cash on hand	\$ 295	\$ -	\$ 295
Demand deposits	35,665	127,264	162,929
Time deposits	<u>112,466</u>	<u>-</u>	<u>112,466</u>
Total	<u>\$ 148,426</u>	<u>\$ 127,264</u>	<u>\$ 275,690</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. 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, 2003, totaled \$276,797 and are fully secured from risk by federal deposit insurance.

Pledged securities in Category 3 include 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 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 Court that the fiscal agent has failed to pay deposited funds upon demand. See Note (1)D for other GASB No. 3 disclosures.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended December 31, 2003 was as follows:

	<u>Balance</u> <u>12/1/2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2003</u>
Governmental activities:				
Furniture, fixtures, and equipment	\$ 126,530	\$ -	\$ 3,880	\$ 122,650
Less: accumulated depreciation	<u>74,186</u>	<u>17,950</u>	<u>3,880</u>	<u>88,256</u>
Net capital assets	<u>\$ 52,344</u>	<u>\$ (17,950)</u>	<u>\$ -</u>	<u>\$ 34,394</u>

Depreciation expense of \$17,950 was charged to the general government function.

(5) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	<u>Fines and</u> <u>Costs</u> <u>Fund</u>	<u>Civil</u> <u>Court</u> <u>Fund</u>	<u>Bond</u> <u>Fund</u>	<u>Total</u>
Beginning balance, January 1, 2003	\$ 18	\$ 103,025	\$ 38,799	\$ 141,842
Additions	329,930	71,821	339,475	741,226
Reductions	<u>(335,361)</u>	<u>(76,146)</u>	<u>(349,710)</u>	<u>(761,217)</u>
Ending balance, December 31, 2003	<u>\$ (5,413)</u>	<u>\$ 98,700</u>	<u>\$ 28,564</u>	<u>\$ 121,851</u>

(6) Expenditures of the City Court of Morgan City Paid by the City of Morgan City

Certain operating expenditures of the Court's office are paid by the City of Morgan City, as required by Louisiana Revised Statute 13:1889. Such expenditures are not included in the accompanying financial statements.

(7) 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 an excess of revenues over expenditures for the year ended December 31, 2003 in the amount of \$45,312. As a result the accumulated balances in the General Fund exceeded the statutory limit by \$28,225. Accordingly, the amount due to the City of Morgan City for accumulated excesses is included as a component of Due to Other Governments.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended December 31, 2003

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Fees, charges and commissions -				
Court costs, fees, and fines	\$ 65,000	\$ 65,000	\$ 84,101	\$ 19,101
Intergovernmental	-	-	11,296	11,296
Interest income	500	500	446	(54)
Miscellaneous	350	350	248	(102)
Total revenues	<u>65,850</u>	<u>65,850</u>	<u>96,091</u>	<u>30,241</u>
<b>Expenditures:</b>				
Current-				
General government-				
Operating services	45,500	45,500	26,422	19,078
Materials and supplies	15,350	15,350	18,575	(3,225)
Travel and other charges	5,000	5,000	5,782	(782)
Total expenditures	<u>65,850</u>	<u>65,850</u>	<u>50,779</u>	<u>15,071</u>
Excess (deficiency) of revenues over expenditures	-	-	45,312	45,312
Fund balance, beginning	32,913	32,913	32,913	-
Residual equity transfer	<u>-</u>	<u>-</u>	<u>(28,225)</u>	<u>(28,225)</u>
Fund balance, ending	<u>\$ 32,913</u>	<u>\$ 32,913</u>	<u>\$ 50,000</u>	<u>\$ 17,087</u>

**OTHER SUPPLEMENTARY INFORMATION**

**OTHER FINANCIAL INFORMATION**

## **FIDUCIARY FUNDS**

### **Fines and Costs Fund -**

To account for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

### **Civil Court Fund -**

To account for advance deposits in civil suits and the receipt and 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  
Agency Funds

Combining Statement of Assets and Liabilities  
December 31, 2003

	Fines and Costs Fund	Civil Court Fund	Bond Fund	Total
<b>ASSETS</b>				
Cash	\$ -	\$ 98,700	\$ 28,564	\$ 127,264
Due from other agency funds	<u>24,744</u>	-	-	<u>24,744</u>
Total assets	<u>\$ 24,744</u>	<u>\$ 98,700</u>	<u>\$ 28,564</u>	<u>\$ 152,008</u>
<b>LIABILITIES</b>				
Cash overdraft	\$ 5,413	\$ -	\$ -	\$ 5,413
Due to others	19,331	98,700	3,820	121,851
Due to other agency funds	<u>-</u>	-	<u>24,744</u>	<u>24,744</u>
Total liabilities	<u>\$ 24,744</u>	<u>\$ 98,700</u>	<u>\$ 28,564</u>	<u>\$ 152,008</u>

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana  
Agency Funds

Combining Statement of Changes in Assets and Liabilities  
Year Ended December 31, 2003

ASSETS	Fines and Costs Fund	Civil Court Fund	Bond Fund	Totals
Balances, beginning of year as previously reported	\$ 18	\$ 103,025	\$ 38,799	\$ 141,842
Additions:				
Deposits-				
Civil suits and garnishments	-	71,821	-	71,821
Fines and court costs	-	-	339,475	339,475
Transfers from bond fund	<u>329,930</u>	-	-	<u>329,930</u>
Total additions	<u>329,930</u>	<u>71,821</u>	<u>339,475</u>	<u>741,226</u>
 Total	 <u>329,948</u>	 <u>174,846</u>	 <u>378,274</u>	 <u>883,068</u>
Reductions:				
Deposits settles to:				
Acadiana criminalistic lab	6,864	-	-	6,864
City Court of Morgan City				
Court fees transferred to the DWI Special Cost Fund	2,700	-	-	2,700
Court fees transferred to the Fines and Cost Fund	-	-	329,930	329,930
Court fees transferred to the General Fund	87,954	-	-	87,954
City of Morgan City	158,095	-	-	158,095
Indigent defender board	32,287	-	-	32,287
Judges support compensation fees	-	28,421	-	28,421
Judges supplemental compensation fund	-	7,239	-	7,239
Marshall's cost fund	36,888	8,995	-	45,883
Sheriff's fees	-	2,915	-	2,915
State crime victim's cost fund	3,160	-	-	3,160
Supreme court	6,083	-	-	6,083
Other	1,330	19,948	-	21,278
Refunds	-	8,628	19,780	28,408
Total reductions	<u>335,361</u>	<u>76,146</u>	<u>349,710</u>	<u>761,217</u>
Balances, end of year	<u>\$ (5,413)</u>	<u>\$ 98,700</u>	<u>\$ 28,564</u>	<u>\$ 121,851</u>
LIABILITIES				
Due to litigants and others, beginning of year	\$ 24,762	\$ 103,025	\$ 38,799	\$ 166,586
Additions	329,930	71,821	339,475	741,226
Reductions	<u>335,361</u>	<u>76,146</u>	<u>349,710</u>	<u>761,217</u>
Due to litigants and others, end of year	<u>\$ 19,331</u>	<u>\$ 98,700</u>	<u>\$ 28,564</u>	<u>\$ 146,595</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, 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

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

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Morgan City, a component unit of the City of Morgan City, as of and for the year ended December 31, 2003, which collectively comprise the City Court of Morgan City's basic financial statements and have issued our report thereon dated June 21, 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 City Court of Morgan City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### 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 opinions 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 operation 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 City Court of Morgan City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying corrective action plan for current year findings as Item 99-1.

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Abbeville, LA 70510  
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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 believe that the reportable condition described above is a material weakness.

This report is intended solely for the information and use of the City Court of Morgan City's management, and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 21, 2004

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Summary Schedule of Audit Results  
Year Ended December 31, 2003

Part I. Summary of Auditor's Results:

An unqualified opinion was issued on the financial statements.

A reportable condition in internal control was disclosed by the audit of the financial statements and the condition is considered a material weakness.

The audit did not disclose any instances of noncompliance which are material to the financial statements.

A management letter was not issued.

Part II. Findings required to be reported in accordance with generally accepted Governmental Auditing Standards:

(a) Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: SAS55, Consideration of Internal Control in a Financial Statement Audit, as amended by SAS78, Consideration of Internal Control in a Financial Statement Audit: An Amendment to Statement on Auditing Standards No. 55, AU §319.06 defines internal control as follows:

*"Internal control is a process – effected by an entity's board of directors, management, and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.*

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Part III. Findings and questioned costs for federal awards required to be reported in accordance with Office of Management and Budget Circular A-133:

not applicable

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2003

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

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

Compliance

02-1	2002	An annual budget was not adopted in accordance with LSA-RS 39:1301 et seq, Local Government Budget Act.	Yes	N/A
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Internal Control

99-1	1999	Inadequate segregation of functions exists within the accounting system.	No	See corrective action plan for current year findings
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Section Ia - Other Internal control and compliance

No items were applicable to this section

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Corrective Action Plan for Current Year Findings  
Year Ended December 31, 2003

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

Compliance

No items are applicable to this section.

Internal Control

99-1 Inadequate segregation of functions exists within the accounting system.

No corrective action is planned. Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

N/A

N/A

Section Ia - Other Internal control and compliance

No items are applicable to this section.

Section II - Management letter

No items are applicable to this section.