

**City Court of Monroe
Monroe, Louisiana**

**Basic Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2004
With Supplemental Information**

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 11-10-04

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

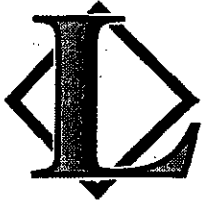
TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1
Required Supplemental Information (Part I): Management's Discussion and Analysis		3
Basic Financial Statements:		
Governmental Funds Balance Sheet/ Statement of Net Assets	A	8
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities	B	9
Statement of Fiduciary Net Assets	C	10
Notes to the Financial Statements		11
	<u>Schedule</u>	<u>Page</u>
Required Supplemental Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	1	21
Other Supplemental Schedules:		
Fiduciary Fund Type – Agency Funds – Combining Schedule of Changes in Unsettled Deposits	2	23
Independent Auditors' Report Required by <i>Government Auditing Standards:</i>		
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		25

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

TABLE OF CONTENTS (CONTINUED)

	<u>Schedule</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	2	27
Summary Schedule of Prior Audit Findings	3	34



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES F. MARCHBANKS, JR., CPA

Independent Auditors' Report

City Court of Monroe
Monroe, Louisiana

We have audited the accompanying basic financial statements of the City Court of Monroe as of April 30, 2004, and for the year then ended, as listed in the Table of Contents. These basic financial statements are the responsibility of the City Court of Monroe. Our responsibility is to express an opinion on these basic financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with U.S. generally accepted auditing standards and *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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

The Court has not been able to reconcile the amount of the advance deposits for the cases reported in the Judicial Fund's (Fiduciary Fund Type) case management software system to the general ledger of the Court. The Judicial Fund represents the majority of the Fiduciary Fund Type.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial position of the Fiduciary Fund Type of the City Court of Monroe as of April 30, 2004.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the financial position of the Fiduciary Fund Type, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Court as of April 30, 2004, and the results of its operations for the year then ended, in conformity with U. S. generally accepted accounting principles.

City Court of Monroe
Monroe, Louisiana
April 30, 2004

As described in Note 1 to the basic financial statements, the City Court of Monroe adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments* and Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, as of May 1, 2003. This results in a change in the form and content of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 1, 2004, on our consideration of the City Court of Monroe's internal control over financial reporting and on 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.

The Management's Discussion and Analysis on pages 3 through 8 and the supplemental information on page 22 (Schedule I) are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial information listed as Other Supplemental Information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Court. The information in such schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, except for the effect of such adjustments, if any, as might be required had we been able to satisfy ourselves as to the financial activities of the Fiduciary Fund Type as discussed in the second preceding paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole

Little & Associates, LLC

Monroe, Louisiana
October 1, 2004

Management's Discussion and Analysis

**CITY COURT OF MONROE
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2004**

Our discussion and analysis of City of Monroe City Court's financial performance provides an overview of the City Court's financial activities for the fiscal year ended April 30, 2004. Please read it in conjunction with the City's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City Court's net assets increased by \$80,068 or 16%

The City Court's total program revenues were \$278,008 in 2004 compared to \$203,634 in 2003.

During the year ended April 30, 2004, the City Court had total expenses, excluding depreciation of \$1,272,909.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the City Court as a whole. Fund financial statements start on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Monroe for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Monroe, the City Court was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the Court as a whole begins on page 8. One of the most important questions asked about the City Court's finances is "is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting

used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City Court's *net assets* and changes in them. You can think of the City Court's net assets – the difference between assets and liabilities – as one way to measure the City Court's financial health, or *financial position*. Over time, *increases* or *decreases* in the City Court's net assets are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the funds maintained by City Court as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the City Court are reported here which consists primarily of certain materials and supplies, travel, repairs and maintenance and other program services. These represent expenses not paid out of the City of Monroe budget for judicial expenses. Fines, fees for services and interest income finance mostly of these activities.

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 8. The fund financial statements begin on page 8 and provide detailed information about the most significant funds maintained by the City Court. The City Court's governmental funds use the following accounting approaches.

Governmental funds – All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City Court expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental fund in a reconciliation disclosed in the notes to the financial statements.

The City as Trustee

The City Court is the trustee, or fiduciary, for its civil division and traffic violation bureau funds. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 10. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net assets changed from a year ago, increasing from \$495,513 to \$575,581. Fiscal year 2004 was the first period that GASB Statement 34 was applied. The City Court was not required to restate the prior periods for purposes of providing comparative data. However, our analysis below will focus on key elements of the total governmental funds for the 2004 year. In future years, when prior year information is available, a comparative analysis of the funds maintained by the City Court will be presented.

**Table 1
Net Assets**

	Governmental Activities <u>2004</u>
Current assets	\$559,586
Capital assets	<u>19,231</u>
Total assets	<u>578,817</u>
 Current liabilities	 <u>3,236</u>
 Net assets:	
Investments in capital assets	19,231
Unrestricted	<u>556,350</u>
Total net assets	<u><u>\$575,581</u></u>

Net assets of the funds maintained by the City Court's governmental activities increased by \$80,068 or 16%. Unrestricted net assets, the part of net assets that can be used to finance City Court expenses without constraints or other legal requirements increased by \$91,870 from \$464,480 at April 30, 2003 to \$556,350 at April 30, 2004.

**Table 2
Change in Net Assets**

	Governmental Activities <u>2004</u>
Revenues	
Program Revenues	
Charges for services, fines, fees, & forfeitures	\$ 278,008
Interest and other income	16,922
Intergovernmental – City of Monroe	<u>1,074,361</u>
Total revenues	<u>1,369,291</u>

Expenses	
General governmental – judicial	<u>1,289,223</u>
Increase in net assets	<u>\$ 80,068</u>

For the funds maintained by the City Court, total revenues increased \$50,375 (4%) from total revenues in 2003 of \$1,318,916 to total revenues of \$1,369,291 in 2004. For the funds maintained by the City Court, program revenues increased \$74,374 (37%) from program revenue in 2003 of \$203,634 to program revenue of \$278,008 in 2004.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on page 8) reported a combined fund balance of \$517,251 which is an increase of \$52,771 from last year.

Budgetary Highlights

For the funds maintained by the City Court, formal budgets in accordance with state law were not adopted. Informal in-house budgets were maintained.

CAPITAL ASSETS

At the end of April 30, 2004, the City Court had invested \$_____ in capital assets from those funds maintained by the City Court. (see table 3 below)

Table 3
Capital Asset at Year End

	<u>Governmental Activities 2004</u>
Computer equipment	\$167,071
Equipment	76,480
Furniture	<u>55,574</u>
Total	<u>\$299,071</u>

This year's major addition included:

Furniture	<u>\$4,512</u>
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More detailed information about the capital assets are presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials consider many factors when setting the fiscal year 2005 budget. Amount available for appropriation in governmental funds are expected to remain the same as the revenues available in 2004 which was approximately \$1,400,000.

The City Court considered many factors when setting a fiscal year 2005 budget. Amounts available for appropriation in the governmental funds are expected to remain approximately the same as the revenues available for the year ended April 30, 2004.

It is anticipated that the governmental funds' fund balance will increase modestly by the close of 2005. For those funds maintained by the City Court, the City Court will use those revenues for program costs which are not budgeted by the City of Monroe for the City Court. The City Court has added no major new programs or initiatives to be funded in 2005.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our Citizens and Taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Court, Clerk of Court, Court Administrators' office at 600 Calypso Street, Monroe, Louisiana 71201.

Robert L. Stewart
Clerk of Court
Court Administrator

Basic Financial Statements

**CITY COURT OF MONROE
MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
APRIL 30, 2004**

	General Fund	Adjustments/ Reclassifications - Note 1	Statement of Net Assets
ASSETS			
Cash and cash equivalents	\$ 500,143	\$ -	\$ 500,143
Receivables	575	58,868	59,443
Due from fiduciary funds	19,769	(19,769)	-
Capital assets, net of accumulated depreciation	-	19,231	19,231
Total Assets	<u>\$ 520,487</u>	<u>\$ 58,330</u>	<u>\$ 578,817</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 3,236	\$ -	\$ 3,236
Total Liabilities	<u>3,236</u>	<u>-</u>	<u>3,236</u>
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved, reported in:			
General Fund	517,251	(517,251)	-
Total Fund Balance	517,251	(517,251)	-
Total Liabilities and Fund Balances	<u>\$ 520,487</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		19,231	19,231
Unrestricted		556,350	556,350
Total Net Assets		<u>\$ 575,581</u>	<u>\$ 575,581</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2004**

	<u>General Fund</u>	<u>Adjustments - Note 1</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Judiciary:			
Personal services	\$ (999,352)	\$ -	\$ (999,352)
Operating services	(188,211)	-	(188,211)
Materials and supplies	(28,949)	-	(28,949)
Travel and other	(56,397)	-	(56,397)
Capital Outlay	(4,512)	4,512	-
Depreciation	-	(16,314)	(16,314)
Total Expenditures/Expenses	<u>(1,277,421)</u>	<u>(11,802)</u>	<u>(1,289,223)</u>
PROGRAM REVENUES			
Fees, charges and court costs:			
Court costs	141,064	-	141,064
Civil fees	23,830	-	23,830
Probation fees	43,100	-	43,100
Reinstatement fees	4,387	-	4,387
Bond forfeitures	17,701	39,099	56,800
Other charges for services	8,827	-	8,827
Program Revenues	<u>238,909</u>	<u>39,099</u>	<u>278,008</u>
Net Program Expense	<u>(1,038,512)</u>	<u>27,297</u>	<u>(1,011,215)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,074,361	-	1,074,361
Interest income	9,879	-	9,879
Other income	7,043	-	7,043
Total General Revenues	<u>1,091,283</u>	<u>-</u>	<u>1,091,283</u>
EXCESS OF REVENUES OVER EXPENDITURES	52,771	27,297	80,068
FUND BALANCE/NET ASSETS:			
Beginning of the Year	<u>464,480</u>	<u>31,033</u>	<u>495,513</u>
End of Year	<u>\$ 517,251</u>	<u>\$ 58,330</u>	<u>\$ 575,581</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF FIDUCIARY NET ASSETS
APRIL 30, 2004**

	Agency Funds			Total
	Judicial Fund	Special Cost Clearing Fund	Bond Escrow Fund	
ASSETS				
Cash and cash equivalents	\$ 542,772	\$ 90,769	\$ 143,712	\$ 777,253
Total Assets	<u>\$ 542,772</u>	<u>\$ 90,769</u>	<u>\$ 143,712</u>	<u>\$ 777,253</u>
LIABILITIES				
Liabilities:				
Accounts payable	\$ 16,102	\$ 90,769	\$ -	\$ 106,871
Unsettled deposits held for others	526,670	-	143,712	670,382
Total Liabilities	<u>\$ 542,772</u>	<u>\$ 90,769</u>	<u>\$ 143,712</u>	<u>\$ 777,253</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

INTRODUCTION

As provided for by Chapter 7 of Title 13 of the Louisiana Revised Statutes, the City Court of Monroe (the "Court") has jurisdiction in all civil matters in the City of Monroe (the City) including all of Wards Three and Ten of Ouachita Parish. The criminal jurisdiction of the Court is limited to offenses committed within Wards Three and Ten of Ouachita Parish and violations of City ordinances that are not required to be tried by jury. The City judges are elected for six-year terms.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the City Court of Monroe have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "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 No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board. Certain of the changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Court's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Court's activities.
- A change in the fund statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The Court has elected to implement the provisions of the Statement as required by the City of Monroe for the fiscal year ended April 30, 2004.

B. REPORTING ENTITY

For reporting purposes, the City of Monroe, Louisiana (the "City") serves as the financial reporting entity for the City. The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

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

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. 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.

The Court is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City of Monroe, 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 of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

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.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the City Court of Monroe. The following are the Court's governmental funds:

General Fund

The General Fund is the primary operating fund of the Court, and it accounts for all financial resources, except those required to be accounted for in other funds. 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 policies.

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 Court maintains three agency funds: the Judicial Advance Fund, the Special Cost Fund, and the Bond Escrow Fund. 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.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B 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. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs, civil fees, and reinstatement fees are recorded in the year in which they are earned.

Interest income on bank deposits is recorded when the interest has been earned and the amount can be determined.

Substantially all other revenues are recognized when received by the Court.

Based on the above criteria, court costs, civil fees and reinstatement fees have been treated as susceptible to accrual.

Expenditures

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

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these columns 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.*

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Assets (Statement A) are as follows:

Statement B																	
Accrual of Surety Bond Forfeiture Receivable	\$	39,099															
Capitalization of Capital Assets		4,512															
Recording of Depreciation Expense		(16,314)															
		27,297															
Adjustment to Beginning Fund Balance For Prior Years		31,033															
Net Effect of Changes	\$	58,330															
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Statement A</th> <th style="width: 10%;"></th> <th style="text-align: right; width: 10%;"></th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">Recording of Surety Bonds Receivable</td> <td style="text-align: center;">\$</td> <td style="text-align: right;">39,099</td> </tr> <tr> <td>Recording of Net Capital Assets</td> <td></td> <td style="text-align: right;">19,231</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">58,330</td> </tr> <tr> <td style="border-top: 1px solid black;">Net Effect of Changes</td> <td style="text-align: center; border-top: 1px solid black;">\$</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">58,330</td> </tr> </tbody> </table>			Statement A			Recording of Surety Bonds Receivable	\$	39,099	Recording of Net Capital Assets		19,231			58,330	Net Effect of Changes	\$	58,330
Statement A																	
Recording of Surety Bonds Receivable	\$	39,099															
Recording of Net Capital Assets		19,231															
		58,330															
Net Effect of Changes	\$	58,330															

The Due from fiduciary funds in the amount of \$19,769 reflected in the fund financial statements have been reclassified to accounts receivable for reporting in the government-wide financial statements.

E. BUDGETS

A proposed budget is prepared on the accrual basis of accounting. The budget is then legally adopted by the judges and amended during the year, as necessary. The budget is established and controlled at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budget adopted by the Court does not include the expenditures budgeted annually for the Court by the City of Monroe.

Formal budgetary integration is employed as a management control device during the year.

F. 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

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

the United States, or under the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Cash and cash equivalents include cash, demand deposits, interest-bearing demand deposits, and amounts in time deposits and those investments with original maturities of 90 days or less.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. 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 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. 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. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Computer Equipment	3 – 5 years
Equipment	5 – 10 years
Furniture and fixtures	5 – 10 years

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. The Court maintains professional liability coverage on the Clerk to manage its exposure to fraud, illegal acts and errors and omissions. The City of Monroe provides the remainder of insurance coverage.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

2. CASH AND CASH EQUIVALENTS

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, or the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At April 30, 2004, the Court had cash (book balances) of \$1,277,396 of which \$1,276,896 was in demand deposits and \$500 in petty cash. These amounts 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. Cash (bank balances) at April 30, 2003, are secured as follows:

Bank Balances	\$ <u>1,297,361</u>
Federal deposit insurance	\$ 989,104
Pledged securities (uncollateralized)	<u>1,259,137</u>
Total	<u>\$ 2,248,241</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the Court, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, 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 bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the Court's name.

3. RECEIVABLES

The receivables at April 30, 2004, are summarized as follows:

Class of Receivable	General Fund
Fees, Charges, and Commissions - Due from Fiduciary Funds	\$ 19,769
Surety bond forfeitures -- Due from City of Monroe	39,099
Other	<u>575</u>
Totals	<u>\$ 59,443</u>

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

The Court utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

4. DUE FROM/TO OTHER FUNDS

Individual balances due from/to other funds as reported in the fund financial statements at April 30, 2004, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 19,769	
Agency Funds:		
Special Cost Clearing Fund		\$ 16,289
Judicial Fund		3,480
Totals	\$ 19,769	\$ 19,769

The balances resulted from fees, charges, and other court costs collected by the agency funds on behalf of the general fund.

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended April 30, 2004, is as follows:

Governmental Activities	April 30, 2003	Additions	Retirements	April 30, 2004
Computer equipment	\$ 167,017	\$ -	\$ -	\$ 167,017
Equipment	76,480			76,480
Furniture	51,062	4,512		55,574
Total	294,559	4,512	-	299,071

Less accumulated depreciation:

Computer equipment	145,767	12,061	157,828
Equipment	68,473	3,046	71,519

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

Furniture	49,286	1,207	50,493
	<u> </u>	<u> </u>	<u> </u>
Total	263,526	16,314	279,840
	<u> </u>	<u> </u>	<u> </u>
Capital Assets, Net	\$ 31,033	\$ (11,802)	\$ 19,231
	<u> </u>	<u> </u>	<u> </u>

The Court has fixed assets totaling \$110,861 that are no longer being utilized by the Court and are deemed to be idle property. These assets are fully depreciated as of April 30, 2004.

**6. CHANGES IN AGENCY FUNDS -
UNSETTLED DEPOSITS HELD FOR OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2004, is as follows:

Balance at April 30, 2003	\$ 556,792
Additions	1,645,819
Reductions	<u>(1,532,229)</u>
Balance at April 30, 2004	<u>\$ 670,382</u>

7. ON-BEHALF PAYMENTS

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations. The City of Monroe made on-behalf payments of \$1,074,361 for the Court for the year ended April 30, 2004, as follows:

Salaries	\$ 737,224
Fringe benefits	228,271
Operating expenses	<u>108,866</u>
Total	<u>\$ 1,074,361</u>

8. PRIOR YEAR RESTATEMENT

The Court implemented GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The Statement requires reporting capital assets net of accumulated depreciation in the government-wide financial statements. The impact of the restatement on the governmental funds is as follows:

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

Fund Balance, April 30, 2003	\$ 464,480
Adjustment to capitalize assets and to record beginning accumulated depreciation on those assets as of April 30, 2003	<u>31,033</u>
Governmental activities net assets, April 30, 2003	<u>\$ 495,513</u>

Required Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2004**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Program revenues:				
Court costs and civil fees	\$ 190,000	\$ 174,300	164,894	\$ (9,406)
Probation fees	20,000	40,000	43,100	3,100
Reinstatement fees	4,000	4,250	4,387	137
Bond forfeitures	-	17,700	17,701	1
Other charges for services	-	-	8,827	8,827
General revenues:				
Interest income	20,000	9,000	9,879	879
Other income	3,000	3,000	7,049	4,049
Total revenues	<u>\$ 237,000</u>	<u>\$ 248,250</u>	<u>\$ 255,837</u>	<u>\$ 7,587</u>
EXPENDITURES				
Judiciary:				
Personal services	25,000	36,500	33,858	(2,642)
Operating services	149,000	126,750	103,353	(23,397)
Materials and supplies	500	1,000	4,946	3,946
Travel and other	62,000	64,000	56,397	(7,603)
Capital Outlay	500	20,000	4,512	(15,488)
Total expenditures	<u>237,000</u>	<u>248,250</u>	<u>203,066</u>	<u>(45,184)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	52,771	52,771
FUND BALANCE AT BEGINNING OF YEAR	-	-	464,480	464,480
FUND BALANCE AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 517,251</u>	<u>\$ 517,251</u>

Other Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
OTHER SUPPLEMENTAL INFORMATION SCHEDULE
AS OF AND FOR THE YEAR ENDED APRIL 30, 2004**

FIDUCIARY FUND TYPE – AGENCY FUNDS

Judicial Fund

The Judicial Fund accounts for advance deposits on civil suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Special Cost Clearing Fund

The Special Cost Clearing Fund accounts for the collection of fines and court costs and the payment of these collections to recipients in accordance with applicable laws.

Bond Escrow Agency Fund

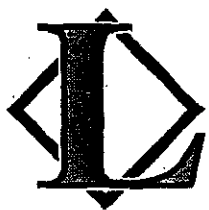
The Bond Escrow Agency Fund accounts for appearance bonds posted by defendants subsequent to arrest and prior to court appearance. The bond posted is refundable to the defendants upon their appearance in court.

**CITY COURT OF MONROE
MONROE, LOUISIANA
FUDICIARY FUND TYPE - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES
IN UNSETTLED DEPOSITS
FOR THE YEAR ENDED APRIL 30, 2004**

	JUDICIAL FUND	SPECIAL COST	BOND ESCROW FUND	TOTAL
Deposits due others, May 1, 2003	\$ 430,992	\$ -	\$ 125,800	\$ 556,792
Additions:				
Advance deposits	404,813			404,813
Fines and court costs		1,160,678		1,160,678
Appearance bonds			80,328	80,328
Total Additions	404,813	1,160,678	80,328	1,645,819
Total	835,805	1,160,678	206,128	2,202,611
Reductions:				
Transfers to General Fund:				
Special civil cost	23,830			23,830
Court costs – traffic and criminal		141,065		141,065
Probation fees		43,100		43,100
Transfers to City of Monroe:				
Clerk fees	125,781			125,781
Court costs:				
Equipment Fund		6,000		6,000
Fines and forfeitures		376,807		376,807
Jail		77,210		77,210
Appearance bond refunds			62,416	62,416
Attorney's fees	1,310			1,310
Indigent Defender Board		236,805		236,805
Judges' Supplemental Compensation Fund	41,908			41,908
Louisiana Commission on Law Enforcement		30,360		30,360
Louisiana Rehabilitation Services:				
Head and Spinal Cord Injury		6,505		6,505
Louisiana State Treasurer		15,442		15,442
Marshal's fees	53,410	170,370		223,780
North Louisiana Criminalistic Laboratory		35,735		35,735
Secretary of State	2,850			2,850
Settlements to litigants	24,642	2,806		27,448
Sheriff's fees	25,523			25,523
Other reductions	9,881	18,473		28,354
Total Reductions	309,135	1,160,678	62,416	1,532,229
DEPOSITS DUE OTHERS, APRIL 30, 2003	\$ 526,670	\$ -	\$ 143,712	\$ 670,382

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent Auditors' report on compliance with laws and regulations and internal control are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Wm. TODD LITTLE, CPA
CHARLES R. MARCHBANKS, JR., CPA

**Independent Auditors' Report on Compliance and
Internal Control Over Financial Reporting Based on
an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

City Court of Monroe
Monroe, Louisiana

We have audited the basic financial statements of the City Court of Monroe as of and for the year ended April 30, 2004, and have issued our report thereon dated October 1, 2004. We conducted our audit in accordance with U.S. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City Court of Monroe'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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our 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. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 04-01 and 04-02.

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 caused by error or fraud 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 over financial reporting that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. Findings 04-01 and 04-02 included in the accompanying Schedule of Findings and Questioned Costs are deemed to be material weaknesses.

City Court of Monroe
Monroe, Louisiana
Independent Auditors' Report on Compliance
And Internal Control Over Financial Reporting, etc.
April 30, 2004

Compliance

As part of obtaining reasonable assurance about whether the Monroe City Court's basic 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. However, the results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. That finding is described in the accompanying Schedule of Findings and Questioned Costs as item 04-02.

This report is intended solely for the information and use of the City Court of Monroe, management of the Court's office, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Little & Associates, LLC

Monroe, Louisiana
October 1, 2004

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

A. SUMMARY OF AUDIT RESULTS

1. Except for a disclaimer of opinion on the Fiduciary Fund Type, the Independent Auditors' Report expresses an unqualified opinion on the basic financial statements of the City Court of Monroe.
2. One instance of noncompliance material to the financial statements of the City Court of Monroe was disclosed during the audit.
3. Two reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Each of these reportable conditions is deemed to be a material weakness.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

04-01 State of Accounting and Reporting for Judicial Fund

Finding

The Court maintains its general ledger accounting system using a software system separate from the Court's case management system, which is utilized to record the transactions of the individual suit balances in the Judicial Fund (Fiduciary Fund Type). The Court has been unable to reconcile the Judicial Fund's deposit balance per the case management system to the related liability in the general ledger system. The Court's inability to reconcile the respective balances in each software system can be attributed to the following factors:

- Data lost or corrupted when a conversion was made three years ago to the case management system now being utilized by the Court;
- Adjustments to the transactions in the individual cases in the case management system which were not forwarded to the accounting department for recording in the general ledger; and

CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA

Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004

- Funds being held by the Court which are not identifiable by specific cases (referred to as “unidentifiable funds”).

This fund is accountable for approximately \$400,000 in deposit transactions each year. The absence of proper controls to allow adequate accounting and monthly reconciliation of the case management software to the general ledger increases the risk of misappropriation of assets, and/or the risk that errors or irregularities could occur and not be detected in a timely manner.

Recommendation:

Management of the Court should produce a trial balance of all suit balances per the case management system. This trial balance should be manually reconciled to the suit files. Irreconcilable differences should be researched and properly disposed. Also, the Court should implement additional internal controls over the accounting for and processing of adjustments to the transactions recorded in the individual cases in the case management system. Furthermore, after the Court has reconciled the deposits per the case management system to the general ledger, unidentifiable funds, if any, should be transferred to the City of Monroe in accordance with Louisiana Attorney General Opinion Number 02-0380.

Management’s Corrective Action Plan

In the past, the Court was under the impression that the problem with reconciling the case management system to the general ledger was a result of the conversion to the current case management system. However, the Court has learned that the problem of reconciling the case management system to the general ledger has extended beyond the conversion. As a result, the Court will obtain a report of all civil suit balances per the case management system. The Court will then begin the process of reconciling the balances per the case management system to the civil suits’ files. Once the civil suits have been reconciled, the Court will remit any unidentified funds, if any, to the City of Monroe in accordance with Louisiana Attorney General Opinion Number 02-0380. In addition, the Court will establish internal controls and accounting procedures to ensure that adjustments to the transactions in the individual cases are recorded properly in the general ledger accounting system. It is the intention of the Court to have the case management system reconciled with the general ledger by April 30, 2005.

Auditors’ Additional Comments

The Court has begun implementing its corrective action plan.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

**04-02 Inadequate Policies and Procedures
Over Cash Bond Fund**

Forfeited Cash Bonds

Finding

The City Court of Monroe is responsible for maintaining the accounting, including the receipt and disbursement, of all cash bonds posted on behalf of the Court's defendants. Additionally, the Court is to receive twenty-five percent of the amount of forfeited cash bonds for its general operations. In accordance with Louisiana Revised Statute 15:85, if at the time fixed for appearance a defendant fails to appear in Court, the judge shall order a judgment decreeing the forfeiture of the bond posted on the defendant's behalf. The Court shall then sign a written judgment of bond forfeiture, the fact of which shall be entered promptly in the court minutes. The clerk of court shall mail notice of the signing of the judgment of bond forfeiture to the defendant and the surety. Failure to mail proper notice of the signing of the judgment within sixty days after the defendant's failure to appear in court shall release the surety of any and all obligations under the bond.

The Court took over control of the cash bonds from the City of Monroe. The amount of cash bonds transferred from the City of Monroe to the Court totaled \$128,900. At April 30, 2004, the amount of funds in the bond fund totaled \$143,712. Included in these balances are forfeited cash bonds for which the City of Monroe or the Court, as applicable, did not mail the proper notice of the signing of the judgment of bond forfeiture. As a result, sureties were released of any and all obligations under these bonds. Thus, the Court is unable to receive twenty-five percent of the amount of the forfeited cash bonds for its general operations.

Recommendation

The Court should review the statutes relevant to forfeited cash bonds. Furthermore, the Court should implement policies and procedures for tracking forfeited cash bonds to ensure that notices of the signing of the judgments of the bond forfeitures are mailed to the sureties and the defendants within the prescribed sixty-day time period established by statute.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

Management's Corrective Action Plan

The Court agrees with the auditors' recommendation and will review the relevant statutes and will implement the policies and procedures necessary for ensuring that the notices of the signing of the judgments of the bond forfeitures are mailed to the sureties and the defendants within the prescribed sixty-daytime period established by statute.

Legislative Auditor Investigative Audit

The Office of the Legislative Auditor conducted an investigative audit during the year and issued a report dated August 25, 2004. The following presents findings noted by the Legislative Auditors' Office, their recommendations for corrective action, and the Court's corrective action plan.

City Court Travel Expenses

Findings

The Monroe City Court is prohibited by the Louisiana Constitution from loaning funds to its employees. The Court, however, may have violated provisions of the constitution by advancing funds to employees to cover travel expenses and then allowing the employees to charge those same expenses to the Court's credit card. The constitution may have been violated when the Court failed to adopt a policy defining the time an employee has to file an expense report and repay any unused, advanced funds or other funds due to the Court. Not tracking the return of the public funds or paying for the same expenses twice could be considered unauthorized loans or donations.

The Court's travel policy limits the use of a rental vehicle to situations where it is the most economical means of travel or unless there are extraordinary circumstances. This policy also provides that reimbursement for rental vehicles is to be limited to the rental cost of a mid-size automobile. The Court rented vehicles on several occasions where it was not the most economical means of travel or where the rental cost exceeded allowable limits.

Recommendations

The Monroe City Court judges should exercise greater control and scrutiny over the use of Court funds. The clerk of court should have final review of all payments to ensure that

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

the payments are necessary and in compliance with Louisiana law. In addition, the Court should:

Review the provisions of the Louisiana Constitution regarding loaning of public funds and ensure all payments are for an allowable purpose

Cease allowing the use of the Court's credit card for travel expenses that have been advanced to Court employees for the same expenses

Adopt a formal travel policy stipulating the time limit allowed in submitting expense reports and train all Court employees on this policy

Ensure Court employees are following the requirements governing rental car usage for travel including car size and authorized usage dates

Document extraordinary circumstances requiring the use of a rental vehicle when it is not the most economical method of travel

Court funds should be used in an effective manner. The Court should ensure that an adequate review of travel is made before expending Court funds to ensure that all expenditures are an effective use of these dollars.

Management's Corrective Action Plan

The Court is currently compiling a comprehensive travel policy, which specifically addresses the following:

-In such cases of out-of-state travel and specifically, *Windsor Court* stays, it is permissible that, if necessitated, the traveler may allow additional funds to be held on the Court's corporate card, for travel incidentals, which one may incur upon his or her travel stay;

-All lodging and valet parking for the period of travel, may be paid with the Court's credit card upon making initial reservations. Reservations shall be guaranteed with the Court's corporate card upon making reservations. The traveler may utilize other personal means, should he so desire.

-Any unused funds advanced to the traveler must be returned within seven business days

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

of that traveler's return, with a letter of explanation, as to why the funds were unused.

-Approval of expense reports must be authorized and signed by the traveler, prior to being submitted to the Clerk/Administrator, and within five business days from the date of return of travel.

-Upon the submission of the expense report, the Clerk/Administrator has seven (7) business days to review it for corrections, Should an error be noted, the Clerk/Administrator is to forward the expense report back to the traveler for corrections. The traveler then has five (5) business days to make corrections, and resubmit the report to the Clerk/Administrator. The report shall then be forwarded to the Business Manager for processing.

Probation Office

Findings

Probation Officers Not Documenting Case Monitoring

The probation office does not have written policies and procedures specifying the required contents of a probation case file. Our review of the 828 probation cases revealed that 310 files contained no documentation indicating the probation officer assigned to the case, worked or was actively working the case. In addition, 49 cases are unassigned. The remaining 469 case files contained at least some documentation indicating the probation officer was working or had worked the case. Of the 310 files containing no documentation, 53 are closed cases, 191 are active cases but have prescribed--the length of probation has passed but all conditions of probation have not been met, and 66 are active cases.

Probation Fees Not Collected

The 828 probation cases in the system amount to \$234,070 in judicially ordered probation fees. However, as of March 31, 2004, only \$42,920 was collected in relation to these cases; \$40,345 had not come due; and \$28,270 was dismissed because of transfers, probation revocations, and defendants opting to serve time in jail. The remaining \$122,535 is distributed throughout the following cases:

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Questioned Costs
As of and For the Year Ended April 30, 2004**

- \$22,610 in closed cases
- \$61,520 in active cases that have prescribed
- \$31,955 in active cases
- \$6,450 in pending, inactive, and cases with recalled bench warrants

Lack of Judicial Review

According to Judge Lee, Judge Leehy, and Judge Blue, judicial approval must be given before any probation condition is waived. None of these judges have given probation officers the authority to waive fees or close cases without judicial approval. However, in 22 instances, probation officers waived fees without judicial approval and in 11 instances closed cases unsatisfactorily--some condition of the probation was not fulfilled at the time the case was closed.

Management's Corrective Action Plan

The Court is in the process of adopting a Policies and Procedures Manual for the Probation Office.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2004**

In connection with our audit of the Court as of and for the year ended April 30, 2003, in accordance with the *Louisiana Governmental Audit Guide* we have also reviewed the status of prior year findings. The following presents the status of those findings:

Independent Auditors' Report on Compliance and Internal Control

03-01 State of Accounting and Reporting for Judicial Fund

Finding: The Court has been unable to reconcile the individual suit balances in the Judicial Fund (Civil) to the Court's general ledger accounting system.

Status: Unresolved – See Finding 04-01 in the Schedule of Findings and Questioned Costs for the year ended April 30, 2004.

03-02 Budget Not Adopted by the Court in a Timely Manner

Finding: The Court officially adopted its budget for the fiscal year ended April 30, 2003, on March 23, 2003. Louisiana Revised Statute (LRS) 39:1306 requires the Court to complete a proposed budget and to make it available for public inspection no later than fifteen days prior to the beginning of each fiscal year. LRS 39:1309 requires the Court to adopt the budget prior to May 1 of each year.

Status: Resolved – The Court is adopting its budget in accordance with the requirements of the Local Government Budget Act.