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## CITY COURT OF ABBEVILLE, LOUISIANA

Financial Report

For The Year Ended December 31, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-31-96

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Roger C. Sellers, Judge  
City Court of Abbeville, Louisiana

We have audited the accompanying general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1995. These general purpose financial statements are the responsibility of the Judge of the City Court of Abbeville, Louisiana. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City Court of Abbeville, Louisiana, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 3, 1996 on our consideration of the City Court of Abbeville, Louisiana's internal control structure and a report dated June 3, 1996 on its compliance with laws and regulations.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements of the City Court of Abbeville, Louisiana.

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 3, 1996

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

CITY COURT OF ABBEVILLE, LOUISIANA

Combined Balance Sheet  
 All Fund Types and Account Groups  
 December 31, 1995  
 (With Comparative Totals for December 31, 1994)

	<u>Governmental Fund Type General</u>	<u>Account Group General Fixed Assets</u>	<u>Total (Memorandum Only)</u>	
			1995	1994
<b>ASSETS</b>				
Cash	\$ 100	\$ -	\$ 100	\$ 100
Interest bearing deposits	193,098	-	193,098	168,851
Investments	47,877	-	47,877	17,069
Equipment	-	20,034	20,034	18,994
Furniture and fixtures	-	12,940	12,940	9,350
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$241,075	\$32,974	\$274,049	\$214,364
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,643	\$ -	\$ 2,643	\$ 1,054
Due to other agencies	71,595	-	71,595	49,655
Deferred revenue	15,362	-	15,362	9,078
Total liabilities	<u>89,600</u>	<u>          </u>	<u>89,600</u>	<u>59,787</u>
<b>Fund equity:</b>				
Investment in general fixed assets	-	32,974	32,974	28,344
Fund balances -				
Unreserved, undesignated	<u>151,475</u>	<u>          </u>	<u>151,475</u>	<u>126,233</u>
Total fund equity	<u>151,475</u>	<u>32,974</u>	<u>184,449</u>	<u>154,577</u>
Total liabilities and equity	\$241,075	\$32,974	\$274,049	\$214,364
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of this statement.

CITY COURT OF ABBEVILLE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance  
 All Governmental Fund Types - General Fund  
 For the Year Ended December 31, 1995  
 (With Comparative Totals for the Year Ended December 31, 1994)

	<u>1995</u>	<u>1994</u>
Revenues:		
Court costs	\$148,957	\$172,201
Fines	83,294	85,752
Interest	6,208	4,612
Total Revenues	<u>238,459</u>	<u>262,565</u>
Expenditures:		
Current -		
Salaries	9,185	3,569
Conferences and meetings	2,973	2,330
Office expenses	6,591	6,935
Telephone	5,122	4,807
Janitorial service	1,350	1,300
Pest Control	96	91
Repair and maintenance	746	229
Uniforms	1,364	2,200
Dues and subscriptions	2,305	1,897
Payroll taxes	612	107
Court costs -		
Indigent defender's board	39,450	44,494
City Marshall	18,690	20,920
Louisiana commission on law enforcement	3,468	4,513
City of Abbeville - Witness fees	9,518	14,393
City of Abbeville - Intoxilizer fees	2,975	4,049
Acadiana crime lab	11,370	10,280
Vermilion Parish District Attorney	3,792	3,355
Department of Public Safety	500	350
Case management information systems	1,896	1,540
Louisiana rehab services - HSCI	3,290	2,420
Court fines -		
City of Abbeville	65,747	71,317
Vermilion Parish Sheriff	-	4,541
Vermilion Parish Police Jury	17,547	9,894
Capital outlay	4,630	-
Total expenditures	<u>213,217</u>	<u>215,531</u>
Excess of revenues over expenditures	25,242	47,034
Fund balance, beginning	<u>126,233</u>	<u>79,199</u>
Fund balance, ending	<u>\$151,475</u>	<u>\$126,233</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF ABBEVILLE, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The City Court of Abbeville, Louisiana (City Court) was created under Louisiana Revised Statute 13:1872 as a political subdivision of the State of Louisiana. The Court operates under the control of the City Judge, an elected official serving a term of six years.

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

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent upon the City Court Judge. City Court is a component of a financial reporting entity with the City of Abbeville, Louisiana being the primary government.

B. Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The funds are grouped in the financial statements in this report, into one generic fund type and one broad fund category as follows:

Governmental Fund - General Fund

The General Fund is the general operating fund of the City Court. It is used to account for all financial resources.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY COURT OF ABBEVILLE, LOUISIANA  
Notes to Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the City Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1995, the City Court had cash and interest-bearing deposits (book balances) totaling \$193,198, as follows:

Cash on hand	\$ 100
General Fund - Criminal account	109,510
General Fund - Special account	83,588
Total	<u>\$193,198</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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1995 are secured as follows:

Bank Balances	\$201,049
Federal Deposit Insurance	<u>100,000</u>
Balance Uninsured	101,049
Pledged Securities (Category 3)	<u>102,632</u>
Excess FDIC Insurance and Pledged Securities	\$ 1,583 =====

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in City Court's name. Even though the pledged securities are considered uncollateralized (Category 3), state law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by City Court that the fiscal agent has failed to pay deposited funds upon demand.

(3) Investments

Investments consist of the following certificates of deposit.

<u>Institution</u>	<u>Term</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Bank of Abbeville	182 days	4/23/96	4.70%	\$ 30,000
Gulf Coast Bank	180 days	4/07/96	4.75%	<u>17,877</u>
				<u>\$ 47,877</u> =====

CITY COURT OF ABBEVILLE, LOUISIANA  
Notes to Financial Statements (Continued)

(4) Fixed Assets

A summary of changes in general fixed assets for the year ended December 31, 1995 follows:

	<u>BALANCE DECEMBER 31, 1994</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE DECEMBER 31, 1995</u>
Equipment	\$18,994	\$1,040	\$ -	\$20,034
Furniture and fixtures	<u>9,350</u>	<u>3,590</u>	<u>-</u>	<u>12,940</u>
	<u>\$28,344</u>	<u>\$4,630</u>	<u>\$ -</u>	<u>\$32,974</u>
	=====	=====	=====	=====

(5) Deferred Revenue

In late 1989, the City Court instituted a policy to accept partial payments of court costs and fines. Prior to this, a sentenced individual was required to pay the assessed court costs and fines in full or serve time in jail. Due to the shortage and cost of jail facilities it was decided that a series of partial payments would be accepted until the complete court assessed fine was paid out. Collections of partial payments are deposited into a separate checking account called the "special account". The balance in this cash account at December 31, 1995 was \$83,588 consisting of approximately \$15,362 expected to be recognized as revenue in the future, \$61,448 to be disbursed to various governmental agencies, and \$6,778 representing accumulated interest earnings since the inception of the account.

INTERNAL CONTROL AND COMPLIANCE

Independent Auditor's Report on Internal Control Structure  
Based on an Audit of General Purpose Financial  
Statements Performed in Accordance with Government Auditing Standards

The Honorable Roger Sellers, Judge  
City Court of Abbeville, Louisiana

We have audited the general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana as of and for the year ended December 31, 1995, and have issued our report thereon dated June 3, 1996.

We have conducted our audit in accordance with 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 general purpose financial statements are free of material misstatement.

The Judge of the City Court of Abbeville, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City Court of Abbeville, Louisiana, for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

#### Inadequate Segregation of Accounting Functions

##### Finding:

Due to the small number of employees, the City Court of Abbeville did not have adequate segregation of functions within the accounting system.

##### Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties. However, City Court should assign accounting functions to various employees so that no one individual collects and deposits cash, performs bank reconciliations, prepares and signs checks, and maintains journals.

##### Response:

City Court will segregate accounting functions to the extent possible.

#### Reconciliation and Maintenance of Subsidiary Detail of Partial Payment Deposits

##### Finding:

City Court accepts partial payments of court fines and deposits these partial payments in a separate bank account. City Court was unable to provide a subsidiary listing by payee which reconciled to amounts on deposit in the partial payment bank account. While City Court has a system of filing receipts of partial payments that provides some detail as to the composition of the current cash balance, no effort has been made to reconcile this filing system to cash balances.

##### Response:

City Court intends to investigate the deficiencies in its system of accounting for partial payments and implement procedures to mitigate those deficiencies.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above are material weaknesses.

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

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 3, 1996

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## Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

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The Honorable Roger C. Sellers, Judge  
City Court of Abbeville, Louisiana

We have audited the general purpose financial statements of the City Court of Abbeville, Louisiana, a component unit of the City of Abbeville, Louisiana, as of and for the year ended December 31, 1995 and have issued our report thereon dated June 3, 1996.

We conducted our audit in accordance with 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City Court of Abbeville, Louisiana is the responsibility of the City Court of Abbeville, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City Court's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

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

*Darnall, Sikes, Kolder, Frederick & Rainey*

A Corporation of Certified Public Accountants

Abbeville, Louisiana  
June 3, 1996

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