

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN  
AUDIT OF GENERAL PURPOSE OR BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable John M. Robinson, Judge  
Springhill City Court  
Springhill, Louisiana

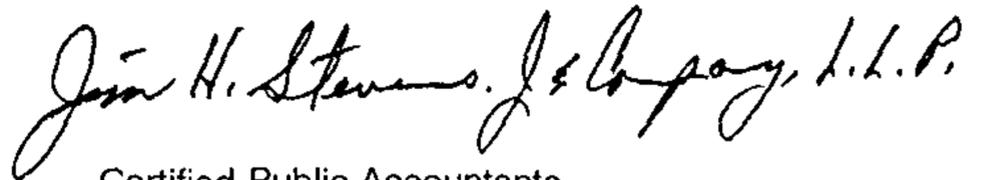
We have audited the general purpose financial statements of Springhill City Court, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 12, 1996.

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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Springhill City Court, is the responsibility of Springhill City Court's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of Springhill City Court's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the general purpose 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 indicate that, with respect to the items tested, Springhill City Court complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Springhill City Court had not complied, in all material respects, with those provisions.

This report is intended for the information of the management of Springhill City Court. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
Certified Public Accountants

December 12, 1996

# SPRINGHILL CITY COURT

Notes to Financial Statements  
June 30, 1996

## 8. RETIREMENT COMMITMENTS (Continued)

Louisiana State Employees' Retirement System

### A. Plan Description (Continued)

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by calling the LASERS office at 1-800-256-3000.

### B. Funding Policy

Members are required by the State to contribute 11.5% of their annual covered salary, and the Court is required to contribute 12.4% of the annual covered salary. The contribution rates are covered by Louisiana Revised Statute 11:103. The required contribution for the years ended June 30, 1996, and June 30, 1995, were \$2,434 and \$2,042, respectively. All required contributions were made.

## 9. ECONOMIC DEPENDENCY

All revenues collected for Court Costs are received from the Springhill Ward Marshall's office. These monies are expended in the operation of the office of the Springhill City Court.

# SPRINGHILL CITY COURT

Notes to Financial Statements  
June 30, 1996

## 6. LEASES

The Court records items under capital leases as assets and obligations in the accompanying financial statements. During the year, the Court entered into a capital lease for Civil Software. The following is a summary of future minimum lease payments at June 30, 1996:

1997	3,149
1998	1,369
1999	<u>457</u>
Total minimum lease payments	4,975
Less: amount representing interest	<u>1,042</u>
Present value of future minimum payments	<u><u>3,933</u></u>

## 7. COMMITMENTS AND CONTINGENT LIABILITIES

As of June 30, 1996, the Springhill City Court was not a party in any lawsuits as plaintiff or defendant.

## 8. RETIREMENT COMMITMENTS

Louisiana State Employees' Retirement System

### A. Plan Description

The Judge participates in the Louisiana State Employees' Retirement System ("LASERS"), a statewide single-employer public employee retirement system, providing retirement and other benefits for employees of the State and its various departments and agencies and their beneficiaries. All state employees except certain classes of employees specifically excluded by Statute become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Elected officials and officials appointed by the Governor may, at their option, become members of LASERS.

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification.

The basic annual retirement benefit for substantially all members is equal to 2.5% of average compensation multiplied by the number of years creditable service plus \$300.00. Average compensation is defined as the member's average annual earned compensation for the thirty-six consecutive months of employment during which the member's aggregate earned compensation was greatest. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefit under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

(Continued)

# SPRINGHILL CITY COURT

Notes to Financial Statements  
June 30, 1996

## 2. DEPOSITS FROM PLAINTIFFS AND GARNISHMENTS COLLECTED

The deposits from plaintiffs and garnishments, reflected in the balance sheet as liabilities in agency funds collected include unknown amounts which have not been disbursed to the Springhill City Court in past years. Management is in the process of computing such amounts for disbursement to the general fund.

## 3. CASH

At June 30, 1996, the carrying amount of the Court's cash deposits total \$61,519. The deposits are in demand deposit accounts. Under state law, the deposits 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. At June 30, 1996, the Court has \$61,519 in deposits, which are fully secured from risk by federal deposit insurance.

## 4. INTERFUND RECEIVABLES AND PAYABLES

A summary of the interfund receivables and payables by fund at June 30, 1996, is presented below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	757	
Civil Fund #1		684
Worthless Check Fund		73
Totals	<u>757</u>	<u>757</u>

## 5. CHANGES IN GENERAL FIXED ASSETS

General fixed assets are comprised of office furnishings and equipment. The changes in general fixed assets are as follows:

<b>Balance, July 1, 1995</b>	28,733
Additions	<u>7,480</u>
<b>Balance, June 30, 1996</b>	<u>36,213</u>

(Continued)

**Jim H. Stevens, Jr. & Company, L.L.P.**

Certified Public Accountants

209 Church Street  
Springhill, Louisiana 71075

**Jim H. Stevens, Jr., CPA**

**Bill W. Smith, CPA**

**Dwight L. Pugh, CPA**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE OR  
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable John M. Robinson, Judge  
Springhill City Court  
Springhill, Louisiana

We have audited the general purpose financial statements of Springhill City Court, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 12, 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 general purpose financial statements are free of material misstatement.

In planning and performing the audit of the general purpose financial statements of Springhill City Court, for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Springhill City Court, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management 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 general purpose 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Revenues/receipts  
Purchases/disbursements  
Property, Equipment and Capital Expenditures

For all of the control categories listed above, 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.

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 general purpose financial statements.

- |                               |  |
|-------------------------------|--|
| Finding . . . . .             | As reported for the year ended June 30, 1994, due to the small size of the court and the related economic and space limitations, the majority of all accounting functions are performed by two people.         |
| Recommendation . . . . .      | We make no recommendation.   |
|                               |  |
| Finding . . . . .             | Bank reconciliations do not include a detailed list of reconciling items.  |
| Recommendation . . . . .      | We recommend that a detailed list of those items needed to reconcile the cash balances per books to the cash balances per bank statements be printed, retained, and filed with the appropriate bank statement. |
| Management Response . . . . . | Management concurs, and will begin doing so.   |
|                               |  |
| Finding . . . . .             | Payroll deposits are not coded in such a way that payroll tax liabilities are relieved upon subsequent payment.  |
| Recommendation . . . . .      | We recommend that Court personnel obtain the necessary training needed to properly account for payroll tax deposits.   |
| Management Response . . . . . | Management concurs, and is receptive to assistance provided by the current auditors in helping them better understand the coding of payroll tax deposits.  |

A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We consider all the reportable conditions described above to also be material weaknesses.

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.

This report is intended for the information of the management of Springhill City Court. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Jean H. Stearns, Jr. & Company, L.L.P.*  
Certified Public Accountants

# SPRINGHILL CITY COURT

Notes to Financial Statements  
June 30, 1996

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **General Fixed Assets and General Long-term Debt Account Groups:**

**General Fixed Assets and Long-term Liabilities.** The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation has been provided on general fixed assets.

The account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

**General Long-term Debt.** The General Long-term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

**Basis of Accounting.** The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types 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.

The modified accrual basis of accounting is used by the General Fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

**Budgets.** A budget is not required to be adopted by the City Court.

**Compensated Absences and Pension Plan.** Court employees are compensated by the City of Springhill, Louisiana, and the Webster Parish Police Jury, as provided by Louisiana Revised Statutes. No compensated absences are reportable by the Springhill City Court.

**Pension Plan.** The Ward Marshall and court employees and are covered by either the Municipal Police Employees' Retirement System or the Municipal Employees' Retirement System. Funding for these individuals are accounted for by the City of Springhill, Louisiana.

The Judge is covered under the Louisiana State Employees' Retirement System.

**Total Columns on Combined Statements.** Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

(Continued)

RECEIVED  
LEGISLATIVE AUDITOR

SPRINGHILL CITY COURT 96 DEC 23 AM 9:09

Springhill, Louisiana

OFFICIAL  
FILE COPY  
**DO NOT SEND OUT**  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

## FINANCIAL STATEMENTS

June 30, 1996

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

Release Date JAN 29 1997

Jim H. Stevens, Jr. & Company, L.L.P.  
Certified Public Accountants  
Springhill, Louisiana 71075

# SPRINGHILL CITY COURT

## Table of Contents June 30, 1996

	<u>Page</u>
Independent Auditor's Report .....	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups .....	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Type .....	3
Notes to Financial Statements .....	4-8
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose or Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	9-10
Independent Auditor's Report on Compliance Based on an Audit of General Purpose or Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	11

**Jim H. Stevens, Jr. & Company, L.L.P.**

Certified Public Accountants

209 Church Street  
Springhill, Louisiana 71075

**Jim H. Stevens, Jr., CPA**

**Bill W. Smith, CPA**

**Dwight L. Pugh, CPA**

**INDEPENDENT AUDITOR'S REPORT**

To the Honorable John M. Robinson, Judge  
Springhill City Court  
Springhill, Louisiana

We have audited the accompanying general purpose financial statements of Springhill City Court, as of June 30, 1996, and for the year then ended. These financial statements are the responsibility of the Springhill City Court's management. Our responsibility is to express an opinion on these 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 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 above present fairly, in all material respects, the financial position of Springhill City Court, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

  
Certified Public Accountants

December 12, 1996

# SPRINGHILL CITY COURT

## Combined Balance Sheet - All Fund Types and Account Groups June 30, 1996

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General Fund</u>	<u>Agency Funds</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	<u>June 30, 1996</u>
<b>Assets and Other Debits</b>					
Cash	43,274	18,245			61,519
Due from other funds	757				757
Fixed assets			36,213		36,213
Amount to be provided for capital lease				3,933	3,933
<b>Total assets and other debits</b>	<u>44,031</u>	<u>18,245</u>	<u>36,213</u>	<u>3,933</u>	<u>102,422</u>
<b>Liabilities, Equity and Other Credits</b>					
<b>Liabilities</b>					
Accrued expenses	557				557
Due to other Governments		381			381
Deposits from plaintiffs		9,387			9,387
Garnishments collected		7,720			7,720
Due to other funds		757			757
Capital lease				3,933	3,933
<b>Total liabilities</b>	<u>557</u>	<u>18,245</u>		<u>3,933</u>	<u>22,735</u>
<b>Equity and Other Credits</b>					
Investment in general fixed assets			36,213		36,213
Fund balance:					
Unreserved/undesignated	43,474				43,474
<b>Total equity and other credits</b>	<u>43,474</u>		<u>36,213</u>		<u>79,687</u>
<b>Total liabilities, equity and other credits</b>	<u>44,031</u>	<u>18,245</u>	<u>36,213</u>	<u>3,933</u>	<u>102,422</u>

See accompanying notes to financial statements.

## SPRINGHILL CITY COURT

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Fund Type  
For the Fiscal Year Ended June 30, 1996

	<u>Governmental Fund Type</u>
	<u>General Fund</u>
<b>Revenues</b>	
Court costs	68,966
Supervision fees	20,584
Interest	<u>565</u>
<b>Total revenues</b>	<u>90,115</u>
<b>Expenditures</b>	
Current:	
General government	78,441
Capital outlay:	
Current expenditures	7,480
Debt service:	
Principal retirement	3,429
Interest	<u>1,220</u>
<b>Total expenditures</b>	<u>90,570</u>
<b>Excess of Revenues Over Expenditures</b>	(455)
<b>Other Financing Source</b>	
Capital lease	<u>4,980</u>
<b>Excess of Revenues and Other Financing Sources Over Expenditures</b>	4,525
<b>Fund Balance at Beginning of Year</b>	<u>38,949</u>
<b>Fund Balance at End of Year</b>	<u><u>43,474</u></u>

See accompanying notes to financial statements.

# SPRINGHILL CITY COURT

Notes to Financial Statements  
June 30, 1996

The Springhill City Court was created under authority of Revised Statute 13:1872. The office of Ward Marshall was created as part of Springhill City Court under authority of Revised Statute 13:1872.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of Springhill City Court have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**Reporting Entity.** These financial statements include all funds and account groups over which the Court exercises control, authority, management, influence or accountability. Control by or influence by the Court was determined on the basis of authority to issue debt, election or appointment of the governing body, and general oversight responsibility.

The Springhill City Court is a potential component unit of the City of Springhill, Louisiana. However, the Springhill City Court is a separate reportable entity from the City of Springhill because it is essentially an autonomous unit. The Judge, an elected official, has the ability to exercise oversight responsibility regarding operations and accountability for fiscal matters. The Springhill City Court is financially independent of the City of Springhill, Louisiana.

**Fund Accounting.** The accounts of the Springhill City Court are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund is accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The account groups, on the other hand, are financial reporting devices designed to provide accountability for certain assets that are not recorded in the fund because they do not directly affect net expendable available financial resources and to provide accountability for long-term liabilities to be financed from the general fund. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The following funds and account groups are used by the Court:

### **Government Fund -**

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

### **Fiduciary Funds -**

**Agency Funds.** Agency funds are used to account for assets held by Springhill City Court as an agent for other governmental departments, other organizations and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

(Continued)