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CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Financial Report

Year Ended June 30, 2004

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 1-26-05

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INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Terry G. Breaux, Judge
City Court of the City of Franklin
Franklin, Louisiana

We have compiled the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of City Court of the City of Franklin (hereinafter "City Court") as of and for the year ended June 30, 2004, which collectively comprise the City Court's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note 2, the City Court has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as of June 30, 2004.

The required supplementary information on pages 26 and 27 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

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

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The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the attestation procedures applied in the compilation of the basic financial statements and we do not express an opinion or any other form of assurance on the other supplementary information.

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

Morgan City, Louisiana
November 10, 2004

BASIC FINANCIAL STATEMENTS

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Net Assets
June 30, 2004

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 10,726
Accounts receivable, net	6,987
Due from other governmental units	<u>352</u>
Total current assets	18,065
Noncurrent assets:	
Capital assets, net	<u>14,018</u>
Total assets	<u>32,083</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>2,309</u>
Total liabilities	<u>2,309</u>
NET ASSETS	
Invested in capital assets	14,018
Unrestricted	<u>15,756</u>
Total net assets	<u>\$ 29,774</u>

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2004

Activities	Expenses	Program Revenues	Net (Expense)/Revenue and Changes in Net Assets
Governmental activities:		Charges for Services	
General government	\$ 129,781	Operating Grants and Contributions	\$ (6,921)
		\$ 40,181	
		\$ 82,679	
General revenues:			
Interest and investment earnings			357
Miscellaneous			<u>1,656</u>
Total general revenues			<u>2,013</u>
Change in net assets			
			(4,908)
Net assets - July 1, 2003			
			<u>34,682</u>
Net assets - June 30, 2004			
			<u>\$ 29,774</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTION

General Fund

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Balance Sheet
Governmental Fund
June 30, 2004

	<u>General Fund</u>
ASSETS	
Cash	\$ 10,726
Accounts receivable, net	6,987
Due from other governmental units	<u>352</u>
Total assets	<u>\$ 18,065</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>\$ 2,309</u>
Fund balances:	
Unreserved - undesignated	<u>15,756</u>
Total liabilities and fund balance	<u>\$ 18,065</u>

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2004

Total fund balance for the governmental fund at June 30, 2004		\$ 15,756
Cost of capital assets at June 30, 2004	\$ 45,550	
Less: Accumulated depreciation	<u>(31,532)</u>	<u>14,018</u>
Total net assets of governmental activities at June 30, 2004		<u>\$ 29,774</u>

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
Year Ended June 30, 2004

	General Fund
Revenues:	
Fees, charges and commissions -	
Court costs, fees, and fines	\$ 40,181
Intergovernmental	82,679
Interest income	357
Miscellaneous	1,656
Total revenues	124,873
Expenditures:	
<i>Current-</i>	
General government-	
Operating services	114,624
Professional services	1,850
Materials and supplies	2,444
Travel and other charges	5,707
Capital outlay	8,739
Debt service	5,113
Total expenditures	138,477
Deficiency of revenues over expenditures	(13,604)
Fund balance, beginning	29,360
Fund balance, ending	\$ 15,756

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2004

Total net change in fund balance for the year ended June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balance			\$ (13,604)
Add: Capital outlay costs which are considered as expenditures on Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 8,739		
Less: Depreciation expense for year ended June 30, 2004	<u>(3,130)</u>	5,609	
Governmental funds report capital leases as expenditures. However, <i>this expenditure does not appear in the statement of activities since the payment is applied against the capital lease payable balance on the statement of net assets</i>			<u>3,087</u>
Total change in net assets for the year ended June 30, 2004 per Statement of Activities			<u>\$ (4,908)</u>

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Fiduciary Net Assets
June 30, 2004

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 54,887
Due from litigants	<u>1,772</u>
Total assets	<u>\$ 56,659</u>
LIABILITIES	
Due to litigants	\$ 52,542
Due to other governmental units	<u>4,117</u>
Total liabilities	<u>\$ 56,659</u>

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

City Courts are created under the authority of LSA-RS 13:1871 et seq. The City Court of the City of Franklin accounts for the operation of the court's office.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of the City Court of the City of Franklin conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying 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.

Such accounting and reporting principles also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

The city court judge is an independently elected official. However, the city court is fiscally dependent on the City of Franklin for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the City Court is fiscally dependent on the city, the city court was determined to be a component unit of the City of Franklin, the financial reporting entity. These financial statements report only the activities of the City Court, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

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

Fund Financial Statements (FFS)

The City 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 City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Court is considered to be the only major fund. The funds of the City Court are described below:

Governmental Funds –

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

Fiduciary Funds –

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

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

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

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

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

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

The City Court has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

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

Short-term interfund receivables/payables

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Capital assets

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

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

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

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Restricted net assets

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

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

Long-term debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

Fund equity

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

E. Revenues, Expenditures, and Expenses

Operating revenues and expenses

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

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

Expenditures/Expenses

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

Governmental Funds – by character

F. Budgetary and Budgetary Accounting

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

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

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

G. Employee Retirement Benefits

Employees of the City Court are included on the City of Franklin's payroll and participate in the same retirement systems as the employees of those entities.

(2) Changes in Accounting Principles

For the year ended June 30, 2004, the City Court has implemented GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the Clerk of Court's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The City Court also implemented GASB Statement No. 37, Basic Financial Statements – And Management's Discussion and Analysis – For State and Local Governments: Omnibus, No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of "net assets" as follows:

Total fund balance - Governmental Fund - at June 30, 2003, as restated		\$	29,360
Add: Cost of capital assets at June 30, 2003	\$		36,811
Less: Accumulated depreciation at June 30, 2003			(28,402)
Less: Long-term capital lease payable at June 30, 2003			(3,087)
			5,322
 Net assets at June 30, 2003		 \$	 <u>34,682</u>

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(3) 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.

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. At June 30, 2004, City Court has cash and interest-bearing deposits (book balances) totaling \$65,613. These deposits are fully secured from risk by federal deposit insurance.

(4) Receivables

Receivables for fines and court costs were \$6,987. The City Court maintains an allowance for uncollectibles for all fines and court costs believed to be uncollectible. As of June 30, 2004, the total amount of fines and court costs receivable totaled \$19,952 and the allowance for doubtful accounts totaled \$12,965.

(5) Capital Assets

The following is a summary of the changes in capital assets for the year:

	Balance, July 1, 2003	Additions	Deletions	Balance, June 30, 2004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Furniture, fixtures, and equipment	\$ 36,811	\$ 8,739	\$ -	\$ 45,550
Less: Accumulated Depreciation	<u>28,402</u>	<u>3,130</u>	<u>-</u>	<u>31,532</u>
Net Capital Assets	<u>\$ 8,409</u>	<u>\$ 5,609</u>	<u>\$ -</u>	<u>\$ 14,018</u>

An adjustment was made to reduce beginning balance by \$23,496 to reflect the new capitalization policy of \$500.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(6) Capital Lease Payable

The following is a summary of capital lease transactions for the year ended June 30, 2004:

	Balance, July 1, 2003	Additions	Payments/ Reductions	Balance, June 30, 2004
Capital Lease	\$ 3,087	\$ -	\$ 3,087	\$ -

The capital lease was for a Ricoh AF220 copier due in monthly installments of \$180, through December 2003. Interest was payable at 8.00% per annum.

(7) Changes in Fiduciary Fund's Unsettled Deposits

The following is a summary of the changes in unsettled deposits for the year:

	Balance, July 1, 2003	Additions	Reductions	Balance, June 30, 2004
Fiduciary Funds:				
Advance Deposit	\$ 41,051	\$ 67,904	\$ 56,413	\$ 52,542
Fines and Costs	4,326	108,856	109,065	4,117
 Total	 \$ 45,377	 \$ 176,760	 \$ 165,478	 \$ 56,659

(8) On-Behalf Payments for Salaries & Benefits

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires the City Court to report on-behalf payments made by the City of Franklin to the Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Franklin and not by City Court. For 2004, the City paid salaries and benefits to and for the Court Clerk, City Judge, Deputy Clerk, City Prosecutor, and secretary. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for 2004 totaled \$82,679.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(9) Expenditures of the City Court Office Paid by the City of Franklin

The cost of some expenditures for the operation of the City Court, as required by Louisiana Revised Statute 13:1889, is paid by the City of Franklin. Such expenditures are not included in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2004

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Non-GAAP Basis)</u>	<u>Positive (Negative)</u>
Revenues:				
Fees, charges and commissions -				
Court costs, fees, and fines	\$ 33,500	\$ 33,500	\$ 40,181	\$ 6,681
Intergovernmental	6,375	6,375	-	(6,375)
Interest income	600	600	357	(243)
Miscellaneous	<u>1,400</u>	<u>1,400</u>	<u>1,656</u>	<u>256</u>
Total revenues	<u>41,875</u>	<u>41,875</u>	<u>42,194</u>	<u>319</u>
Expenditures:				
Current-				
General government-				
Operating services	30,865	32,884	31,945	939
Professional services	2,845	3,000	1,850	1,150
Materials and supplies	2,200	2,640	2,444	196
Travel and other charges	5,500	6,000	5,707	293
Capital Outlay	5,112	14,000	8,739	5,261
Debt service	-	-	5,113	(5,113)
Total expenditures	<u>46,522</u>	<u>58,524</u>	<u>55,798</u>	<u>2,726</u>
Excess (deficiency) of revenues over expenditures	(4,647)	(16,649)	(13,604)	3,045
Fund balance, beginning	<u>29,360</u>	<u>29,360</u>	<u>29,360</u>	<u>-</u>
Fund balance, ending	<u>\$ 24,713</u>	<u>\$ 12,711</u>	<u>\$ 15,756</u>	<u>\$ 3,045</u>

See notes to budgetary comparison schedule.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court. Such amendments were not material in relation to the original appropriations.

(2) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by the City Court do not include on-behalf payments made by the City of Franklin to the Court's employees for salaries and related benefits. These on-behalf payments are reflected as a revenue and an expenditure in the City Court's financial statements as required by GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Intergovernmental	\$ 82,679	\$ (82,679)	\$ -
Expenditures:			
General government - Operating services	\$ 114,624	\$ (82,679)	\$ 31,945

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

FIDUCIARY FUNDS

Fines and Costs Fund -

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

Advance Deposit Fund

To account for advance deposits on suits filed by litigants.

CITY COURT OF THE CITY OF FRANKLIN
 Franklin, Louisiana
 Agency Funds

Combining Schedule of Assets and Liabilities
 June 30, 2004

	Advance Deposit Fund	Fines and Costs Fund	Total
ASSETS			
Cash	\$ 50,770	\$ 4,117	\$ 54,887
Due from litigants	1,772	-	1,772
Total assets	\$ 52,542	\$ 4,117	\$ 56,659
LIABILITIES			
Due to litigants	\$ 52,542	\$ -	\$ 52,542
Due to other governmental units	-	4,117	4,117
Total liabilities	\$ 52,542	\$ 4,117	\$ 56,659

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana
Agency Funds

Combining Schedule of Changes in Assets and Liabilities
Year Ended June 30, 2004

	Advance Deposit Fund	Fines and Costs Fund	Totals
ASSETS			
<i>Balances, beginning of year as previously reported</i>	<u>\$ 41,051</u>	<u>\$ 4,326</u>	<u>\$ 45,377</u>
Additions:			
Deposits-			
Civil suits and garnishments	67,904	-	67,904
Fines and court costs	-	108,856	108,856
Total additions	<u>67,904</u>	<u>108,856</u>	<u>176,760</u>
Total	<u>108,955</u>	<u>113,182</u>	<u>222,137</u>
Reductions:			
Deposits settles to:			
City Marshal	10,519	23,008	33,527
Garnishments	70	-	70
City Judge	16,457	-	16,457
Judge's Supplemental Comp Fund	5,656	-	5,656
Franklin City Court	10,015	-	10,015
Clerk of Court	9,375	-	9,375
Sheriff	944	-	944
Attorney	2,957	-	2,957
City of Franklin	-	57,366	57,366
St. Mary Parish Council	-	22,550	22,550
District Attorney	420	1,439	1,859
State Treasurer	-	2,382	2,382
LA Law Enforcement Comm.	-	400	400
LRS-HSCI Trust Fund	-	1,920	1,920
Total reductions	<u>56,413</u>	<u>109,065</u>	<u>165,478</u>
Balances, end of year	<u>\$ 52,542</u>	<u>\$ 4,117</u>	<u>\$ 56,659</u>
LIABILITIES			
<i>Due to litigants and others, beginning of year</i>	<u>\$ 41,051</u>	<u>\$ 4,326</u>	<u>\$ 45,377</u>
Additions	67,904	108,856	176,760
Reductions	<u>56,413</u>	<u>109,065</u>	<u>165,478</u>
<i>Due to litigants and others, end of year</i>	<u>\$ 52,542</u>	<u>\$ 4,117</u>	<u>\$ 56,659</u>

**REQUIREMENTS OF THE LOUISIANA
GOVERNMENTAL AUDIT GUIDE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC
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CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

* A Professional Accounting Corporation

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

The Honorable Terry G. Breaux, Judge
City Court of the City of Franklin
Franklin, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the City Court of the City of Franklin and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about City Court of the City of Franklin's compliance with certain laws and regulations during the period ended June 30, 2004 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year that exceeded \$15,000, nor were there any expenditures for public works made during the year that exceeded \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a projected and amended budget for the fiscal year ending June 30, 2004.

6. Trace the budget adoption to adoption instruments.

Adoption of Budget traced to an executed Process Verbal.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds.)

Actual revenues and expenses (non-GAAP basis) did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount, made to the correct payee, and properly coded to the correct fund and general ledger account.

Debt

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of City Court of the City of Franklin and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, under the provisions of Louisiana Revised Statute 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.

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

Morgan City, Louisiana
November 10, 2004

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year ended June 30, 2004

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/04) --</u>						
<u>Internal Control:</u>						
04-1(1C)	1999	Inadequate segregation of functions exists within the accounting system.	N/A	No corrective action is planned. Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.	N/A	N/A
<u>Compliance:</u>						
No items are reported in this section						
<u>PRIOR YEAR (6/30/03) --</u>						
<u>Internal Control:</u>						
03-1 (1C)	1999	See item 04-1(1C) above.				
<u>Compliance:</u>						
03-2 (C)	2002	An annual budget was not adopted in accordance with LSA-RS 39:1301 et seq, Local Government Budget Act.	Yes	N/A	N/A	N/A

APPENDIX A

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

12/29/04 (Date Transmitted)

Kolder, Champagne, Slaven & Company, LLC CPAs
1234 David Drive, Suite 105
Morgan City, LA 70380

In connection with your compilation of our financial statements as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 12/29/04
(date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

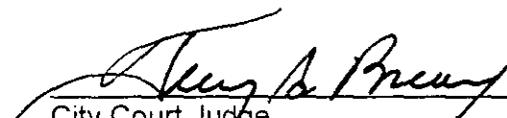
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



City Court Judge



Clerk of the Court