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**CITY COURT OF MONROE  
MONROE, LOUISIANA**

**Component Unit Financial Statements  
With Independent Auditors' Report  
As of and for the Year Ended  
April 30, 2000  
With Supplemental Information Schedules**

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 11-01-00

**CITY COURT OF MONROE  
MONROE, LOUISIANA**

**APRIL 30, 2000**

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## INDEPENDENT AUDITORS' REPORT

### City Court of Monroe Monroe, Louisiana

We have audited the accompanying component unit financial statements of the **City Court of Monroe, Louisiana** (the Court), a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2000, as listed in the accompanying Table of Contents. These component unit financial statements are the responsibility of the Court's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Society of Louisiana Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of accounting records for the year ended April 30, 2000, we were unable to form an opinion regarding the financial activities of the Fiduciary Fund Type column included in the accompanying component unit financial statements.

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 activities of the Fiduciary Fund Type, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Court as of April 30, 2000, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

**City Court of Monroe, Louisiana  
Independent Auditors' Report**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2000, on our consideration of the Court'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.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The financial information listed as Supplemental Information Schedules 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 component unit 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 component unit financial statements taken as a whole.



(A Professional Accounting Corporation)

September 8, 2000

**COMPONENT UNIT FINANCIAL STATEMENTS  
(OVERVIEW)**

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP**

**AS OF APRIL 30, 2000**

	<b>Governmental Fund Type - General Fund</b>	<b>Special Revenue</b>	<b>Fiduciary Fund Type - Agency Funds (Unaudited)</b>	<b>General Fixed Assets Account Group</b>	<b>Total (Memorandum Only)</b>
<b>ASSETS</b>					
Cash	\$ 284,682	\$ 1,404	\$ 667,197	\$ -	\$ 953,283
Investments	-	-	53,393	-	53,393
Due From Other Funds	70,490	-	223	-	70,713
Office Furnishings and Equipment	-	-	-	333,145	333,145
<b>TOTAL ASSETS</b>	<b>\$ 355,172</b>	<b>\$ 1,404</b>	<b>\$ 720,813</b>	<b>\$ 333,145</b>	<b>\$ 1,410,534</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 27,269	\$ -	\$ 163,709	\$ -	\$ 190,978
Due to Other Funds	5,223	-	65,490	-	70,713
Deposits Due Others	-	-	491,614	-	491,614
Total Liabilities	32,492	-	720,813	-	753,305
<b>Fund Equity</b>					
Investment in General Fixed Assets	-	-	-	333,145	333,145
Fund Balance - Unreserved - Undesignated	322,680	1,404	-	-	324,084
Total Fund Equity	322,680	1,404	-	333,145	657,229
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 355,172</b>	<b>\$ 1,404</b>	<b>\$ 720,813</b>	<b>\$ 333,145</b>	<b>\$ 1,410,534</b>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
ALL GOVERNMENTAL FUND TYPES  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED APRIL 30, 2000**

	<u>General</u>	<u>Special Revenue</u>
<b>REVENUES</b>		
<b>Intergovernmental</b>	\$ 1,004,645	\$ -
<b>Grants</b>	5,000	18,717
<b>Fees, Charges, and Commissions for Services:</b>		
Civil Fees	21,650	-
Court Costs	244,072	-
Probation Fees	10,810	-
Reinstatement Fees	2,100	-
Other Income	11,443	-
<b>Use of Money and Property - Interest Earnings</b>	52,813	-
<b>Total Revenues</b>	<u>1,352,533</u>	<u>18,717</u>
 <b>EXPENDITURES</b>		
<b>Current:</b>		
<b>Judicial</b>		
<b>Salaries and Related Benefits:</b>		
Salaries	693,946	-
Sick Pay	39,617	-
Group Insurance	48,711	-
Pension	97,725	-
Payroll Taxes	11,019	-
Vacation Pay	33,611	-
<b>Operating Services:</b>		
Subscriptions	105	-
Professional Dues	2,202	-
Postage	19,609	-
Equipment Rental	1,320	-
Equipment Maintenance	49,356	-
Legal Fees	3,967	-
Professional Services	17,658	-
Judges Ad Hoc	36,750	-
Bank Charges	562	168
Utilities	55,085	-
Telephone	13,928	169
<b>Materials and Supplies:</b>		
Office Supplies	31,543	6,043
Coffee, Cokes and Water	2,342	-
<b>Travel and Other:</b>		
Travel and Seminars	26,018	11,862
Library	15,149	-
<b>Capital Outlay - Equipment and Furniture</b>	30,305	-
<b>Total Expenditures</b>	<u>1,230,528</u>	<u>18,242</u>
 <b>Excess Revenues Over Expenditures</b>	122,005	475
 <b>Fund Balance at Beginning of Year</b>	<u>200,675</u>	<u>929</u>
 <b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$ 322,680</u></u>	<u><u>\$ 1,404</u></u>

The accompanying notes are an integral part of this statement.



**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 which are not required to be tried by jury. The City judges are elected for six year terms.

*A. REPORTING ENTITY*

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City of Monroe for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. These criteria include:

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.



**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

Because the City provides the Court's building, a portion of its furnishings, and pays a majority of its operating expenditures, the Court is determined to be a component unit of the City of Monroe financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

*B. FUND ACCOUNTING*

The Court uses funds and account groups to report on financial position and results of 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 that comprises its assets, liabilities, fund equity, revenues and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Court's current operations require the use of governmental and fiduciary funds. The fund types used by the Court are described as follows:

*Governmental Funds*

*General Fund*

The General Fund is used to account for the operations of the Court. The various fees and charges due to the Court are accounted for in this fund. General operational expenditures not otherwise provided by the City of Monroe are paid from this fund.

**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

*Special Revenue Fund*

The Special Revenue Fund is used to account for specific revenue resources that are legally restricted to expenditures for specified purposes. These funds include revenues and expenditures related to the Mentoring Program.

*Fiduciary (Agency) Funds*

The Judicial and Special Cost Clearing Agency Funds are used to account for assets held by the Court as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. GENERAL FIXED ASSETS**

Fixed assets used in governmental fund type operations (general fixed assets) purchased by the General Fund are accounted for in the General Fixed Assets Account Group, rather than in the General Fund. General fixed assets provided by the City of Monroe are recorded in the City's general fixed assets account group and are not reported by the Court. The majority of general fixed assets are valued at actual historical costs. No depreciation has been provided on general fixed assets.

**D. BASIS OF ACCOUNTING**

The 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 for 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 for reporting all governmental and certain fiduciary fund types. 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. The Court uses the following practices in recognizing and reporting revenues and expenditures:

**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

*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.

*E. BUDGET PRACTICES*

The Court is not required to prepare an annual budget for its General Fund because the judiciary is not included within the definition of a "political subdivision" covered by the Louisiana Local Government Budget Act.

*F. TOTAL COLUMN ON COMBINED BALANCE SHEET*

The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 2 - CASH**

Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At April 30, 2000, the Court has cash and investments (book balances) totaling \$1,006,676, as follows:

**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

Demand deposits	\$	952,783
Petty cash		500
Investments		<u>53,393</u>
 Total	 \$	 <u>1,006,676</u>

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, 2000, are secured as follows:

Bank Balances	\$	954,268
Federal deposit insurance	\$	300,000
Pledged securities	\$	895,668

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 management of the Court that the fiscal agent bank has failed to pay deposited funds upon demand.

**Note 3 - CHANGES IN AGENCY FUNDS' DEPOSITS DUE OTHERS (UNAUDITED)**

A summary of changes in agency funds' deposits due others for the year ended April 30, 2000, is as follows:

Balance, May 1, 1999	\$	438,922
Additions		2,371,719
Reductions		<u>(2,319,027)</u>
 Balance, April 30, 2000	 \$	 <u>491,614</u>



**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

**Note 4 - CHANGES IN GENERAL FIXED ASSETS**

The following table presents changes in general fixed assets for the year ended April 30, 2000:

Balance, May 1, 1999	\$	303,990
Additions		31,015
Retirements		<u>(1,860)</u>
Balance, April 30, 2000	\$	<u>333,145</u>

**Note 5 - DUE FROM/TO OTHER FUNDS**

Individual fund balances due from/to other funds at April 30, 2000, are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 70,490	\$ 5,223
Agency Funds:		
Judicial	-	42,456
Special Cost Clearing	<u>223</u>	<u>23,034</u>
Total	\$ <u>70,713</u>	\$ <u>70,713</u>

**Note 6 - ON-BEHALF PAYMENTS**

The City of Monroe made on-behalf payments totaling \$1,004,645 for the Monroe City Court for the year ended April 30, 2000. These payments were for salaries and other operating expenses as follows:

Salaries	\$	693,579
Pension benefits	\$	97,725
Other operating expenses	\$	213,341

**MONROE CITY COURT**  
**(A COMPONENT UNIT OF THE CITY OF MONROE, LOUISIANA)**  
**NOTES TO FINANCIAL STATEMENTS**  
**APRIL 30, 2000**

**Note 7 - RISK FINANCING ACTIVITIES**

The Court manages its exposure under general liability for its equipment through the purchase of commercial insurance. The remainder of insurance coverage is provided by the City.

**Note 8 - DISCLOSURES ABOUT CONCENTRATIONS**

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations.



**SUPPLEMENTAL INFORMATION SCHEDULES**

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2000**

**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.

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
FIDUCIARY FUND TYPE - AGENCY FUNDS  
COMBINING BALANCE SHEET, APRIL 30, 2000**

	<u>Judicial Fund</u>	<u>Special Cost Clearing Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 482,613	\$ 184,584	\$ 667,197
Investments	-	53,393	53,393
Due From Other Funds	-	223	223
<b>TOTAL ASSETS</b>	<u>482,613</u>	<u>238,200</u>	<u>720,813</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 15,458	\$ 148,251	\$ 163,709
Due to Other Funds	42,457	23,033	65,490
Deposits Due Others	424,698	66,916	491,614
<b>TOTAL LIABILITIES</b>	<u>\$ 482,613</u>	<u>\$ 238,200</u>	<u>\$ 720,813</u>

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
FIDUCIARY FUND TYPE - AGENCY FUNDS  
COMBINING SCHEDULE OF CHANGES IN  
DEPOSITS DUE OTHERS  
FOR THE YEAR ENDED APRIL 30, 2000**

	<u>Judicial Fund</u>	<u>Special Cost Clearing Fund</u>	<u>Total</u>
<b>DEPOSITS DUE OTHERS AT BEGINNING OF YEAR</b>	\$ 377,885	\$ 61,037	\$ 438,922
<b>ADDITIONS</b>			
Advance Deposits	403,488	-	403,488
Fines and Court Costs	-	1,968,231	1,968,231
Total Additions	<u>403,488</u>	<u>1,968,231</u>	<u>2,371,719</u>
Total	781,373	2,029,268	2,810,641
<b>REDUCTIONS</b>			
Transfers to General Fund:			
Special Civil Cost	21,650	-	21,650
Court Costs - Traffic and Criminal	-	226,906	226,906
Transfers to City of Monroe:			
Clerk Fees	164,523	-	164,523
Court Costs:			
DWI Probation	-	6,300	6,300
Equipment Fund	-	6,300	6,300
Fines and Forfeitures	-	708,664	708,664
Jail	-	161,640	161,640
Attorney's Fees	1,887	-	1,887
Applied Technology Unit	-	3,150	3,150
Booking Fees	-	-	-
Curator Fees	376	-	376
Indigent Defender Board	-	375,930	375,930
Judges' Supplemental Compensation Fund	34,640	-	34,640
Louisiana Commission on Law Enforcement	-	51,180	51,180
Louisiana Rehabilitation Services:			
Head and Spinal Cord Injury	-	17,690	17,690
Louisiana State Treasurer	-	30,043	30,043
Marshal's Fees	52,218	300,330	352,548
North Louisiana Criminalistic Laboratory	-	68,320	68,320
Secretary of State	2,675	-	2,675
Settlements to Litigants	-	5,899	5,899
Sheriffs' Fees	17,550	-	17,550
Other Reductions	61,156	-	61,156
Total Reductions	<u>356,675</u>	<u>1,962,352</u>	<u>2,319,027</u>
<b>DEPOSITS DUE OTHERS AT END OF YEAR</b>	<u>\$ 424,698</u>	<u>\$ 66,916</u>	<u>\$ 491,614</u>

**OTHER SUPPLEMENTAL INFORMATION**



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Huffman  
& Monroe

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF COMPONENT  
UNIT FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**City Court of Monroe, Louisiana  
Monroe, Louisiana**

We have audited the component unit financial statements of the City Court of Monroe, Louisiana (the Court) as of and for the year ended April 30, 2000 and have issued our report thereon dated September 8, 2000. In our report, we did not express an opinion on the Fiduciary Fund Type due to inadequate accounting records. We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

**Compliance**

As part of obtaining reasonable assurance about whether the Court's component unit financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we did note an immaterial instance of noncompliance which we have communicated to management of the Court in a separate letter dated September 8, 2000.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we



**City Court of Monroe, Louisiana  
Monroe, Louisiana**

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 component unit financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 00-01 and 00-02.

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 in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described in the accompanying Schedule of Findings as items 00-01 and 00-02 to be material weaknesses.

This report is intended for the information of management of the Court and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.



(A Professional Accounting Corporation)

**September 8, 2000**

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2000**

**Findings Related to the Financial Statements that are required to be reported under  
Government Auditing Standards:**

**00-01 State of Accounting and Reporting Function**

***Finding:***

During our audit of the financial statements of the Court we noted certain matters which impair the ability of the accounting staff to produce financial statements and supporting documentation in an accurate and timely manner, both for external reporting purposes and internal decision making. Examples of items that indicate improvement is needed are as follows:

1. The financial records maintained in the accounting software were not reconciled to the prior year financial statements as of June 2000 even though the Court had been furnished with the adjustments necessary to make these entries.
2. The staff is not familiar with the accounting program currently being used resulting in checks being incorrectly voided on the system.
3. Bank reconciliations were not prepared for all bank accounts in a timely manner throughout the year. For example, as of June 2000, the bank statements for the Judicial Fund and the Mentoring Program had not been reconciled to the General Ledger since April 1999.
4. Amounts due to and from the various funds from April 1999 remain unpaid as of July 2000. In particular, this affects interest income earned in the Cost Clearing fund to the Operating and Expense fund.
5. Savings accounts and certificates of deposit are being maintained in separate general ledgers rather than as a separate account in the fund general ledger they belong in.
6. Outstanding checks dating back to 1996 have not been investigated and/or followed up on to determine their disposition (e.g. voided and restored to cash, turned over to the state unclaimed property department). They continue to remain on the bank reconciliations as outstanding items.
7. Review of accounts payable indicates invoices from the prior fiscal year that are still reflected as accounts payable even though they have been paid. Expenditures are not always recorded in the correct accounting period nor are they always properly supported.

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2000**

8. Discounts are not being taken when offered and late fees and finance charges are being assessed as expenditures are not being paid timely.
9. The balance of the liability "Deposits Due Others" in the Judicial Fund continues to not be reconciled between the general ledger control total and the detail of balances per the individual suit files.
10. There is a lack of administrative oversight over the operations of the Mentoring Program. Cash was withdrawn from the account through "counter checks" with only one signature even though the account signature card requires two signatures – one Judge and the Program administrator. Further, these expenditures had no documentation to support them. Finally, we noted the signatures did not appear to be the same.

The entries required to correct these and other matters indicate that supervisory review of account balances is inadequate and timely reconciliation of balance sheet accounts is not taking place. This situation in the accounting function increases the risk that decision-making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the Court and for making long-term strategic decisions. In addition, it increases the risk of misappropriation of assets and/or the risk that errors or irregularities in amounts material to the Court's financial position or results of operations could occur and go undetected by employees in the normal course of performing their assigned functions.

***Recommendation:***

All balance sheet accounts should be reconciled each month. Revenue and expenditure accounts should also be reviewed for obvious errors and/or omissions.

***Management's Corrective Action Plan:***

1. During the year, an accounting software upgrade was installed on the Monroe City Court's system. As a result, all adjusting entries were deleted from the system and caused the financial statements not being reconciled. Effective September, 2000, financial records are reconciled to the financial statements by the Business Manager.
2. The Data Entry Clerk records voided checks into the system. Effective immediately, the Business Manager will verify that all checks submitted or returned for "void" status will be voided correctly on the system.
3. Bank reconciliations will be performed by the Business Manager on a monthly basis effective September, 2000.



**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2000**

4. Interest Income earned in Judicial Fund #2 account is transferred quarterly to the Operating & Expense fund. However, the Business Manager will prepare transfers on a monthly basis effective immediately.
5. Savings accounts and certificates of deposits will be listed as separate accounts and merged into their corresponding general ledger account effective immediately by the Business Manager.
6. The Business Manager will investigate the prior year's outstanding checks to determine their disposition by contacting the payee and reissuing the check or submitting a list along with payment to Louisiana Unclaimed Property where applicable.
7. The Business Manager will make adjustments to properly record accounts payable in the correct accounting period at April 30 and reversing entries will be made on May 1. The Business Manager and Administrative personnel will ensure that all check requests will have proper support before checks are prepared.
8. All invoices must be properly supported and submitted timely to the Business Manager to take advantage of discounts and to avoid late fees and finance charges.
9. The Monroe City Court is in the process of installing new software. Upon the completion of the installation process, a new bank account will be opened to reconcile "Deposit Due Others" in the Judicial Fund between the general ledger control account total and the individual suit files by the Business Manager with the assistance of court personnel.
10. The Monroe City Court Mentor Program has no grant funds at this time. In the event that future grant funds are obtained, the requirement of two signatures will be strictly adhered to and supporting documentation required. The record will be reviewed to determine whether any signatures are not genuine with appropriate action being taken following the review.

**00-02 Controls Over Civil Suit Receipts and Disbursements**

***Finding:***

In the performance of our auditing procedures to test civil suits, we noted three instances within our sample of forty civil suits that had negative balances, i.e., costs incurred and

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2000**

paid in the suit exceeded deposits made. We further noted in nine instances that fees were not charged for all services rendered.

***Recommendation:***

All service charges should be posted to the suit and expenses related to a suit should not be incurred or paid without sufficient funds in the suit to cover the payments.

***Management Corrective Action Plan:***

The Data Entry Clerk records costs to the individual civil suits. All deputy clerks will ensure that balances have been verified prior to any work being performed on the suit.

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
FOR THE YEAR ENDED APRIL 30, 2000**

In connection with our audit of the Court as of and for the year ended April 30, 2000, in accordance with the *Louisiana Governmental Audit Guide*, we have also reviewed the status of prior year findings included in our report dated October 27, 1999. The following table presents the status of those findings:

**SCHEDULE OF FINDINGS**

**99-01 Approval of Disbursements (Fiscal 1999)**

***Finding:***

Expenditures were not recorded in the correct accounting period and properly supported.

***Status:***

See reportable condition 00-01.

**MANAGEMENT LETTER**

**1. Negative Balances in Civil Suits**

See repeat finding current year. This condition has existed since 1998.

**2. Civil Suit Deposits – Monroe Housing Authority**

Situation improved but not fully corrected.





Luffey  
Huffman  
& Monroe

(A Professional Accounting Corporation)  
CERTIFIED PUBLIC ACCOUNTANTS

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## **City Court of Monroe Monroe, Louisiana**

In planning and performing our audit of the component unit financial statements of the **City Court of Monroe** (the Court) as of April 30, 2000, and for the year then ended, we considered its internal control in order to determine our auditing procedures for purposes of expressing our opinion on the component unit financial statements of the Court and not to provide assurance on the internal control or overall compliance with laws and regulations.

However, during the course of our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated September 8, 2000, on the component unit financial statements of the Court.

### **Cellular Phone Policy**

#### ***Finding:***

The Court provides its judges with cellular telephone service. The Court's policy is to pay the monthly plan fee plus up to \$250 of airtime, for a total of approximately \$300 per month. The judge is to personally pay the Court for any billing in excess of the monthly maximum. In effect, the Court has created a "non-accountable" expense reimbursement plan for use of the cellular service. Under Internal Revenue Service rules, such a plan is generally deemed to be taxable income to the recipient, and is thus subject to applicable income and employment taxes. In addition, we also observed that due to the bills not being paid in a timely manner, the Court is being charged late fees on the bills.

#### ***Recommendation:***

To minimize potential tax liabilities and strengthen accountability for public funds, we recommend the court revise its current policy to create an "accountable" plan. Under such a plan, non-business use is accounted for by the employee and reimbursed to the employer. The outline of such a plan should include providing the judge a copy of his cellular bill, which he would review for personal usage and reimburse the Court accordingly in a timely manner (approximately 3 business days). The Court would pay the full amount of the bill after being reimbursed by the judge.

***Management's Corrective Action Plan:***

Monroe City Court will review the cellular phone policy and try to obtain the best possible group rate for the authorized users of the cellular phone.



(A Professional Accounting Corporation)

September 8, 2000