

CITY COURT OF MONROE
Monroe, Louisiana

Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2003
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 11-19-03

CITY COURT OF MONROE
Monroe, Louisiana

Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended April 30, 2003
With Supplemental Information Schedules

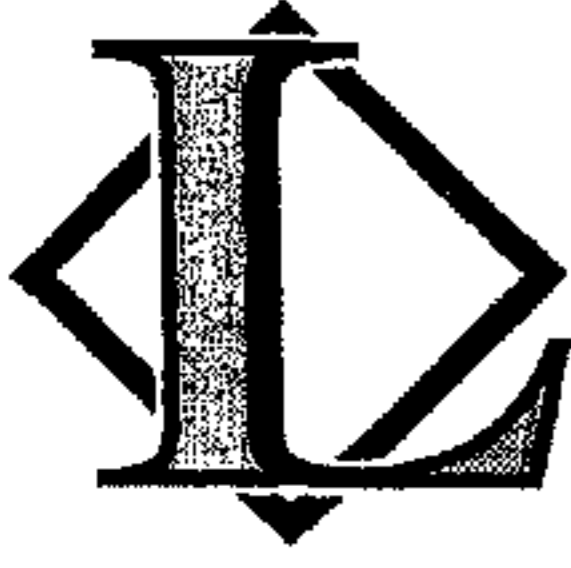
TABLE OF CONTENTS

	<u>Statement</u>	<u>Page No.</u>
Independent Auditors' Report		3
Component Unit Financial Statements:		
Combined Balance Sheet All Fund Types and Account Group	A	5
Governmental Fund Type - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance	B	6
Governmental Fund Type - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual	C	7
Notes to the Financial Statements		8
	<u>Schedule</u>	<u>Page No.</u>
Supplemental Information Schedules - Fiduciary Fund Type - Agency Funds:		
Combining Balance Sheet	1	16
Combining Schedule of Changes in Deposits Due Others	2	17

CITY COURT OF MONROE
Monroe, Louisiana
Component Unit Financial Statements
With Independent Auditors' Report
As of and for the Year Ended April 30, 2003

TABLE OF CONTENTS (CONTINUED)

	<u>Schedule</u>	<u>Page No.</u>
Independent Auditors' Report Required by <i>Government Auditing Standards:</i>		
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		19
Schedule of Findings	3	21
Summary Schedule of Prior Audit Findings	4	24



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2003, 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 U. S. generally accepted auditing standards and standards applicable to financial audits contained in *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 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Court has not been able to reconcile the individual cases in the Judicial Fund (Civil) (Fiduciary Fund Type) to the general ledger of the City Court system. The Judicial Fund represents the majority of the Fiduciary Fund Type. Because of the inability of the Court to reconcile the Judicial Fund to the general ledger of the Court for the year ended April 30, 2003, 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, 2003, and the results of its operations for the year ended, in conformity with U. S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2003, 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.

City Court of Monroe
Monroe, Louisiana
April 30, 2003

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.

Little + Associate

September 15, 2003
Monroe, Louisiana

Statement A

CITY COURT OF MONROE
 (A Component Unit of the City of Monroe, Louisiana)
 Monroe, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUP

Combined Balance Sheet
 As of April 30, 2003

	GOVERNMENTAL FUND TYPE - GENERAL FUND	FIDUCIARY FUND TYPE - AGENCY FUNDS	GENERAL FIXED ASSET ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
ASSETS				
Cash	\$ 451,633	\$ 667,850		\$ 1,119,483
Accounts receivable	952	462		1,414
Due from other funds	16,722			16,722
Furniture and equipment			\$ 343,973	343,973
TOTAL ASSETS	\$ 469,307	\$ 668,312	\$ 343,973	\$ 1,481,592
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 4,827	\$ 94,798		\$ 99,625
Due to other funds		16,722		16,722
Deposits due others		556,792		556,792
Total Liabilities	4,827	668,312	NONE	673,139
Fund Equity:				
Investment in general fixed assets			\$ 343,973	343,973
Fund balance, unreserved, undesignated	464,480			464,480
Total Fund Equity	464,480	NONE	343,973	808,453
TOTAL LIABILITIES AND FUND EQUITY	\$ 469,307	\$ 668,312	\$ 343,973	\$ 1,481,592

The accompanying notes are an integral part of this statement.

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended April 30, 2003

REVENUES

Intergovernmental	\$ 1,096,095
Fees, charges and commissions:	
Civil fees	26,570
Court costs	151,602
Probation fees	21,700
Reinstatement fees	3,762
Other income	4,000
Use of money and property - interest	15,187
Total Revenues	<u>1,318,916</u>

EXPENDITURES

Judicial:	
Current:	
Personal services	1,033,476
Operating services	200,119
Materials and supplies	28,834
Travel and other	60,106
Total Expenditures	<u>1,322,535</u>

Excess of Expenditures Over Revenue	(3,619)
-------------------------------------	----------

Fund Balance, May 1, 2002	<u>468,099</u>
---------------------------	----------------

Fund Balance, April 30, 2003	<u>\$ 464,480</u>
------------------------------	-------------------

The accompanying notes are an integral part of this statement.

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) Basis and Actual
For the Year Ended April 30, 2003

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Fees, charges and commissions:			
Civil fees	\$ 25,000	\$ 26,570	\$ 1,570
Court costs	144,000	151,602	7,602
Probation fees	20,000	21,700	1,700
Reinstatement fees		3,762	(238)
Other income		4,000	4,000
Use of money and property - interest	20,000	15,187	(4,813)
Total Revenues	<u>213,000</u>	<u>222,821</u>	<u>9,821</u>
EXPENDITURES			
General Government:			
Judicial			
Personal services	50,000	50,553	(553)
Operating services	108,800	110,832	(2,032)
Materials and supplies	3,700	4,949	(1,249)
Travel and other	62,000	60,106	1,894
Total Expenditures	<u>224,500</u>	<u>226,440</u>	<u>(1,940)</u>
Excess of Expenditures Over Revenue	(11,500)	(3,619)	7,881
Fund Balance, May 1, 2002	<u>11,500</u>	<u>468,099</u>	<u>456,599</u>
Fund Balance, April 30, 2003	<u>NONE</u>	<u>\$ 464,480</u>	<u>\$ 464,480</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

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 that 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 is financial accountability. The 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

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

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

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 an account group 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). They 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.

Fiduciary Funds

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

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

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:

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.

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

E. BUDGET PRACTICES

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

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

F. TOTAL COLUMN ON THE 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 U. S. generally accepted accounting principals. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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, 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, 2003, the Court had cash (book balances) of \$1,119,483 of which \$1,118,983 was in demand deposits and \$500 in petty cash. These amounts are stated at cost, which approximates market.

Under state law, these deposits, or the resulting bank balances, must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at April 30, 2003, are secured as follows:

Bank Balances	\$ <u>1,132,052</u>
Federal deposit insurance	\$ 876,289
Pledged securities (uncollateralized)	<u>1,057,112</u>
Total	<u>\$ 1,933,401</u>

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the Court, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the Court's name.

3. CHANGES IN AGENCY FUNDS' DEPOSITS DUE OTHERS (UNAUDITED)

A summary of changes in agency funds' deposits due others for the year ended April 30, 2003, follows:

Balance, May 1, 2002	\$ 719,078
Additions	1,701,451
Deductions	<u>(1,863,737)</u>
Balance, April 30, 2003	<u>\$ 556,792</u>

4. CHANGES IN GENERAL FIXED ASSETS

The following table presents changes in general fixed assets for the year ended April 30, 2003:

Balance May 1, 2002	\$ 343,973
Additions	NONE
Deletions	<u>NONE</u>
Balance April 30, 2003	<u>\$ 343,973</u>

5. DUE FROM/TO OTHER FUNDS

Individual amounts due from/to other funds at April 30, 2003, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 16,722	
Agency Funds:		
Special Cost Clearing Fund		\$ 12,039
Judicial Fund		<u>4,683</u>
Totals	<u>\$ 16,722</u>	<u>\$ 16,722</u>

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Notes to the Financial Statements
As of and for the Year Ended April 30, 2003

6. ON-BEHALF PAYMENTS

The City of Monroe made on-behalf payments of \$1,096,095 for the Court for the year ended April 30, 2003, as follows:

Salaries	\$ 849,286
Pension benefits	133,639
Other operating expenditures	<u>113,170</u>
Total	<u>\$ 1,096,095</u>

7. RISK FINANCING ACTIVITIES

The Court maintains professional liability coverage on the Clerk to manage its exposure to fraud, illegal acts and errors and omissions. The City of Monroe provides the remainder of insurance coverage.

8. DISCLOSURE ON CONCENTRATIONS

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

SUPPLEMENTAL INFORMATION SCHEDULES

CITY OF COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana
Supplemental Information Schedules
As of and for the Year Ended April 30, 2003

FIDUCIARY FUND TYPE – AGENCY FUNDS

Judicial Fund

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

Special Cost Clearing Fund

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

Bond Escrow Agency Fund

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

Schedule 1

CITY COURT OF MONROE
 (A Component Unit of the City of Monroe, Louisiana)
 Monroe, Louisiana
 FUDICIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet
 As of April 30, 2003

	JUDICIAL FUND	SPECIAL COST CLEARING FUND	BOND ESCROW FUND	TOTAL
ASSETS				
Cash	\$ 452,253	\$ 89,797	\$ 125,800	\$ 667,850
Accounts receivable	462			462
TOTAL ASSETS	<u>\$ 452,715</u>	<u>\$ 89,797</u>	<u>\$ 125,800</u>	<u>\$ 668,312</u>
LIABILITIES				
Accounts payable	\$ 17,040	\$ 77,758		\$ 94,798
Due to other funds	4,683	12,039		16,722
Deposits due others	430,992		\$ 125,800	556,792
TOTAL LIABILITIES	<u>\$ 452,715</u>	<u>\$ 89,797</u>	<u>\$ 125,800</u>	<u>\$ 668,312</u>

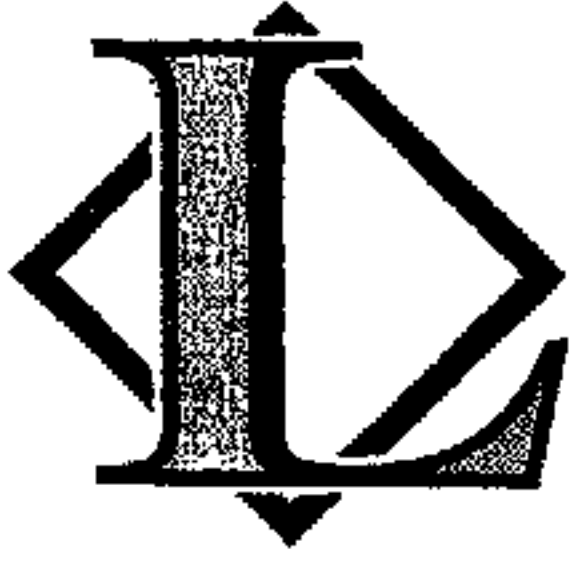
CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana
FUDICIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Deposits Due Others
For the Year Ended April 30, 2003

	JUDICIAL FUND	SPECIAL COST CLEARING FUND	BOND ESCROW FUND	TOTAL
Deposits due others, May 1, 2002	\$ 590,178	NONE	\$ 128,900	\$ 719,078
Additions:				
Advance deposits	459,216			459,216
Fines and court costs		\$1,173,322		1,173,322
Appearance bonds			68,913	68,913
Total Additions	459,216	1,173,322	68,913	1,701,451
Total	1,049,394	1,173,322	197,813	2,420,529
Reductions:				
Transfers to General Fund:				
Special civil cost	26,570			26,570
Court costs – traffic and criminal		147,735		147,735
DWI probation		5,100		5,100
Transfers to City of Monroe:				
Clerk fees	150,545			150,545
Court costs:				
Equipment Fund		4,750		4,750
Fines and forfeitures		389,924		389,924
Jail		84,430		84,430
Unidentified advance deposits	232,678			232,678
Appearance bond refunds			72,013	72,013
Attorney's fees	2,492			2,492
Indigent Defender Board		257,277		257,277
Judges' Supplemental Compensation Fund	44,999			44,999
Louisiana Commission on Law Enforcement		31,136		31,136
Louisiana Rehabilitation Services:				
Head and Spinal Cord Injury		7,430		7,430
Louisiana State Treasurer		16,886		16,886
Marshal's fees	58,900	182,060		240,960
North Louisiana Criminalistic Laboratory		40,945		40,945
Secretary of State	2,925			2,925
Settlements to litigants	45,978			45,978
Sheriff's fees	35,867			35,867
Other reductions	17,448	5,649		23,097
Total Reductions	618,402	1,173,322	72,013	1,863,737
DEPOSITS DUE OTHERS, APRIL 30, 2003	\$ 430,992	NONE	\$ 125,800	\$ 556,792

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

The following Independent Auditors' Report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



LITTLE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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

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

City Court of Monroe
Monroe, Louisiana

We have audited the component unit financial statements of the City Court of Monroe as of and for the year ended April 30, 2003, and have issued our report thereon dated September 15, 2003. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City Court of Monroe'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 amounts. Providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, the results of our tests disclosed one instance of noncompliance that is required to be reported *Government Auditing Standards*. That finding is described in the accompanying Schedule of Findings and Questioned Costs as item 03-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City Court of Monroe's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted two matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Court's ability to record, process, summarize and report financial data consistent with the assertions of management in the component unit

City Court of Monroe
Monroe, Louisiana
Independent Auditors' Report on Compliance
and Internal Control Over Financial Reporting, etc.
April 30, 2003

financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 03-01 and 03-02.

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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. Finding 03-01 included in the accompanying Schedule of Findings and Questioned Costs is deemed to be a material weakness.

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

Little + Associate

Monroe, Louisiana
September 15, 2003

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2003

A. SUMMARY OF AUDIT RESULTS

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

A. FINDINGS – FINANCIAL STATEMENT AUDIT

03-01 State of Accounting and Reporting for Judicial Fund

Finding

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

- *Data lost or corrupted when a conversion was made two years ago to the case management system now being utilized by the Court;*
- *Adjustments to the transactions in the individual cases in the case management system which were not forwarded to the accounting department for recording in the general ledger; and*
- *Funds being held by the Court which are not identifiable by specific cases (referred to as "unidentifiable funds").*

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2003

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

Recommendation:

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

Management's Corrective Action Plan

In the past, the Court was under the impression that the problem with reconciling the case management system to the general ledger was a result of the conversion to the current case management system. However, the Court has learned that the problem of reconciling the case management system to the general ledger has extended beyond the conversion. As a result, the Court will obtain a report of all civil suit balances per the case management system. The Court will then begin the process of reconciling the balances per the case management system to the civil suits' files. Once the civil suits have been reconciled, the Court will remit any unidentified funds, if any, to the City of Monroe in accordance with Louisiana Attorney General Opinion Number 02-0380. In addition, the Court will establish internal controls and accounting procedures to ensure that adjustments to the transactions in the individual cases are recorded properly in the general ledger accounting system. It is the intention of the Court to have the case management system reconciled with the general ledger by April 30, 2004.

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

Finding

The Court officially adopted its budget for the fiscal year ended April 30, 2003, on March 23, 2003. Louisiana Revised Statute (LRS) 39:1306 requires the Court to complete a proposed budget and to make

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2003

it available for public inspection no later than fifteen days prior to the beginning of each fiscal year. LRS 39:1309 requires the Court to adopt the budget prior to May 1 of each year.

Recommendation:

The Court should familiarize itself with and comply with all the requirements of the Local Government Budget Act.

Management's Corrective Action Plan

The Court will adhere to the requirements of the Local Government Budget Act.

(Concluded)

CITY COURT OF MONROE
(A Component Unit of the City of Monroe, Louisiana)
Monroe, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended April 30, 2003

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

02-01 State of Accounting and Reporting for Judicial Fund

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

Status: Unresolved - See Finding 03-01 in the Schedule of Findings and Questioned Costs for the year ended April 30, 2003.

02-02 No Budget Adopted by the Court

Finding: The Court failed to adopt a budget in accordance with the requirements of the Local Government Budget Act.

Status: Partially Resolved - See Finding 03-02 in the Schedule of Findings and Questioned Costs for the year ended April 30, 2003.