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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, 1987
With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been transmitted to the district, city, parish, and other governmental 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: May 19 1987

CITY COURT OF MONROE
MONROE, LOUISIANA

TABLE OF CONTENTS

	Page
Independent Auditor's Report	i
COMPONENT UNIT FINANCIAL STATEMENTS (OVERVIEW)	
Combined Balance Sheet - All Fund Types and Account Groups	4
Governmental Fund Type - General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance	5
Notes to Financial Statements	6
SUPPLEMENTAL INFORMATION SCHEDULES FIDUCIARY FUND TYPE - AGENCY FUNDS	
Combining Balance Sheet	15
Combining Schedule of Changes in Deposits Due Others	16
SUPPLEMENTAL INFORMATION REQUIRED BY GOVERNMENT AUDITING STANDARDS	
Independent Auditor's Report on Internal Control Structure Based on an Audit of Component Unit Financial Statements Performed in Accordance With Government Auditing Standards	18
Independent Auditor's Report on Compliance Based on an Audit of Component Unit Financial Statements Performed in Accordance With Government Auditing Standards	25
Status of Prior Year Findings	25



**Luffey
Huffman
& Monroe**

CERTIFIED PUBLIC ACCOUNTANTS

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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, 1997, as listed in the 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.

We conducted our audit in accordance with generally accepted auditing standards; the standards for financial and compliance 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.

In our opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Court as of April 30, 1997, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 21, 1997, on our consideration of the Court's internal control structure and a report dated October 21, 1997, on its compliance with laws and regulations.

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

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The accompanying information listed as Supplemental Information Schedules listed 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. Such other Supplemental Information Schedules have been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, are fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

Ruffley, Huffman & Moore

October 21, 1997

COMPONENT UNIT FINANCIAL STATEMENTS
(OVERVIEW)

**CITY COURT OF MONROE
MONROE, LOUISIANA
COMBINED BALANCE SHEET
ALL FUNDS TYPES AND ACCOUNT GROUP
AS OF APRIL 30, 1997**

	Governmental Fund Type - General Fund	Proprietary Fund Type - Agency Funds	General Fund Assets Account Group	Total (Memorandum Only)
ASSETS				
Cash	\$ 106,827	\$ 491,755	\$ 0	\$ 598,582
Due From Other Funds	59,277	0	0	59,277
Office Furnishings and Equipment	<u>0</u>	<u>0</u>	240,000	<u>240,000</u>
TOTAL ASSETS	\$ 166,104	\$ 491,755	\$ 240,000	\$ 897,859
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 8,499	\$ 144,824	\$ 0	\$ 153,323
Due to Other Funds	0	59,277	0	59,277
Deposits Due Others	<u>0</u>	<u>288,895</u>	<u>0</u>	<u>288,895</u>
Total Liabilities	8,499	491,755	0	598,254
Fund Equity				
Investment in General Fund Assets	0	0	240,000	240,000
Fund Balance - Unreserved - Unassigned	<u>157,605</u>	<u>0</u>	<u>0</u>	<u>157,605</u>
Total Fund Equity	157,605	0	240,000	497,605
TOTAL LIABILITIES AND FUND EQUITY	\$ 166,104	\$ 491,755	\$ 240,000	\$ 897,859

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
GOVERNMENTAL FUND TYPE - GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED APRIL 30, 1997**

REVENUES

Local Funds - City of Monroe	1	55,000
Fees, Charges, and Contributions for Services		
Cliff Fees		82,000
Court-Order		115,538
Retainment Fees		10,170
Use of Money and Property - Interest Earnings		11,600
Total Revenues		<u>274,308</u>

EXPENDITURES

Salaries:

Salaries and Related Benefits:		
Salaries		495,000
Sick Pay		2,000
Payroll Taxes		5,200
Operating Services:		
Indemnities		2,500
Professional Fees		500
Postage		5,000
Equipment Rented		500
Equipment Maintenance		10,000
Professional Services		10,000
Judges' Salaries		5,000
Bank Charges		1,500
Insurance - Equipment		500
Group Insurance		50,000
Fees/dues		45,000
Utilities		50,000
Telephone		5,000
Miscellaneous		2,000
Materials and Supplies:		
Office Supplies		50,000
Coffee, Cakes and Water		4,000
Travel and Other:		
Travel and Lodging		10,000
Library		12,500
Capital Outlay - Equipment and Furniture		20,000
Debt Service - Capital Loans		
Principal		20,000
Interest		1,000
Total Expenditures		<u>914,000</u>

Excess of Revenues Over Expenditures		10,308
Fund Balance at Beginning of Year		<u>150,000</u>
FUND BALANCES AT END OF YEAR	1	<u>160,308</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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 original 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 (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.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

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, the 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 Fund - 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.

CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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. Approximately 18 percent of fixed assets are valued at estimated historical cost, based on the actual historical cost of like items, while the remaining 82 percent are based on 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) to net current assets. The modified accrual basis of accounting is used for reporting all governmental and 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 reattachment fees are recorded in the year in which they are earned.

CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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 optional Memorandum Only (supersisory) 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 consolidated. 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, 1997, the Court has cash (book balances) totaling \$ 831,579, as follows:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997**

Demand deposits	\$ 631,879
Petty cash	<u> 300</u>
Total	<u>\$ 631,879</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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, 1997, are secured as follows:

Bank balances	\$ <u>651,307</u>
Federal deposit insurance	<u>\$ 308,000</u>
Pledged securities	<u>\$ 742,697</u>

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 30 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

A summary of changes in agency funds' deposits due others for the year ended April 30, 1997, is as follows:

Balance, May 1, 1996	\$ 183,041
Additions	1,877,874
Reductions	<u>1,778,810</u>
Balance, April 30, 1997	<u>\$ 282,045</u>

CITY COURT OF MONROE
 MONROE, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

Note 4 - CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in equipment and furniture for the year ended April 30, 1997:

Balance, May 1, 1996	\$	218,278
Additions		<u>38,814</u>
Balance, April 30, 1997		<u>\$ 248,092</u>

Note 5 - CAPITAL LEASES

The Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At April 30, 1997, the Court is involved in two lease-purchase agreements for the purchase of a Minn Copier and Sinter and a computer system entered into on June 1, 1992, and April 30, 1993, respectively. The copier lease is due in sixty monthly installments of \$300 through April, 1997, with an interest rate of fourteen per cent per annum. The computer system is due in thirty-six monthly installments of \$1,997 through April, 1997, with an interest rate of thirteen per cent per annum. Debt service payments from the General Fund totaled \$27,191 for the year ended April 30, 1997, which satisfied these lease obligations in full.

Note 6 - DUE FROM/TO OTHER FUNDS

Individual fund balances due from/to other funds at April 30, 1997, are as follows:

	Due from Other Funds	Due to Other Funds
	<u> </u>	<u> </u>
General Fund	\$ 99,273	\$ 0
Agency Funds:		
Judicial	0	99,273
Special Cost Clearing	<u>0</u>	<u>25,804</u>
Total	<u>\$ 99,273</u>	<u>\$ 99,277</u>

CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

**Note 7 - EXPENDITURES OF THE CITY Court
PAID BY THE CITY OF MONROE**

The City of Monroe made on behalf payments totaling \$456,384 for the Monroe City Court for the year ended April 30, 1997. These payments were for salaries and other operating expenses.

The Court's building in the City Hall Complex, and part of its furnishings and equipment are provided by the City of Monroe and, accordingly, are recorded in the city's general fixed asset account group. Equipment and furniture purchased with Court funds are recorded as an expenditure on the statement of revenues, expenditures, and changes in fund balance and as an asset on the combined balance sheet.

Note 8 - 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.

SUPPLEMENTAL INFORMATION SCHEDULES

CITY Court OF MONROE
MONROE, LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED APRIL 30, 1997

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**

Schedule I

COMBINING BALANCE SHEET, APRIL 30, 1997

	<u>Judicial Fund</u>	<u>Special Cost Clearing Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ <u>309,928</u>	\$ <u>181,828</u>	\$ <u>491,756</u>
LIABILITIES			
Accounts Payable	\$ 24,242	\$ 120,172	\$ 144,414
Due to Other Funds	93,173	25,584	118,757
Deposits Due Others	<u>252,313</u>	<u>85,732</u>	<u>338,045</u>
TOTAL LIABILITIES	\$ <u>369,728</u>	\$ <u>181,828</u>	\$ <u>491,756</u>

**CITY COURT OF MONROE
MONROE, LOUISIANA
FUNDARY FUND TYPE - AGENCY FUNDS**

Schedule 2

**COMBINING SCHEDULE OF CHANGES IN
DEPOSITS DUE OTHERS
FOR THE YEAR ENDED APRIL 30, 1997**

	Judicial Fund	Special Trust Clearing Fund	Total
DEPOSITS DUE OTHERS AT BEGINNING OF YEAR	\$ 84,140	\$ 18,040	\$ 102,180
ADDITIONS			
Court Deposits	497,223		497,223
Fines and Court Costs		1,380,553	1,380,553
Total Additions	<u>497,223</u>	<u>1,380,553</u>	<u>1,877,776</u>
Total	641,363	1,398,593	2,039,956
REDUCTIONS			
Transfers to General Fund			
Special Civil Cost	39,461		39,461
Court Costs - Traffic and Criminal		308,639	308,639
Transfers to City of Monroe			
Club Fees	641,652		641,652
Court Costs			
[FBI] Exclusion		8,750	8,750
Equipment Fund		8,750	8,750
Fines and Forfeitures		645,764	645,764
Attorney's Fees	3,387		3,387
Applied Technology Unit		4,950	4,950
Booking Fees	2,564		2,564
Custody Fees	230		230
Judicial Debtor's Board		290,388	290,388
Judges' Supplemental Compensation Fund	58,074		58,074
Louisiana Commission on Law Enforcement		58,074	58,074
Louisiana Rehabilitation Services			
Head and Spinal Cord Injury		19,820	19,820
Louisiana State Treasurer		22,752	22,752
Mandate's Fees	67,464	148,641	216,105
North Louisiana Criminologic Laboratory		65,744	65,744
Secretary of State	4,627		4,627
Subpoenas to Litigants	43,740		43,740
Sheriff's Fees	11,612		11,612
Other Reductions	<u>15,812</u>		<u>15,812</u>
Total Reductions	685,021	1,365,895	1,752,916
DEPOSITS DUE OTHERS AT END OF YEAR	\$ 262,113	\$ 32,745	\$ 294,858



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE 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)**, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 1997, and have issued our report thereon dated October 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *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. These 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.

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

In planning and performing our audit of the component unit financial statements of the Court for the year ended April 30, 1997, we obtained an understanding of the internal

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

control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

1. Condition of Financial Records

Finding:

Prior to the beginning of the audit for the year ended April 30, 1997, it was discovered by the Judges of the Monroe City Court that the financial records were not being maintained on a timely basis. Subsequent to this discovery, much time was taken to get the financial records in a condition for an audit of the financial statements to be conducted.

During the performance of our auditing procedures, we encountered the following problems relative to the condition of the financial records:

1. Judicial No. 2 Agency Fund

Several checks which were found in a stack of voided checks had been prepared and signed, but had not been issued. These checks were several months old and some of them were made out to another fund of the Court for fees and costs. Also, many checks were recorded in the general ledger for the wrong amount, to the wrong payee, and with a check number that had previously been used. Audit adjustments were made to correct these errors. Several checks had been written and later defaced, but no entry was made to put these voided checks back into cash. The April, 1997 bank statement was not reconciled until October, 1997.

2. Special Civil Cost Fund

This fund had only one transaction - a check - recorded to its general ledger for the year ended April 30, 1997; however, 3 other checks and 4 deposits

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

were not recorded to the general ledger. The bank account had not been reconciled to the general ledger since April, 1997; however, during the audit, all transactions were recorded to the general ledger and this bank account was reconciled to the general ledger by Court personnel.

Revenues of this fund consist of costs associated with civil cases of the City Court. Each month, a check is written for the total costs for the City Court from the Judicial No. 2 Fund to the Special Civil Cost Fund. We found that the monthly checks were not being deposited timely, but instead several were deposited to the bank account at the same time.

3. Special Cost-Clearing Agency Fund

This fund accounts for the collection of Court fees and costs and the distribution of these collections to recipients in accordance with applicable laws. The distributions of these collections were recorded in one general ledger account which resulted in us having to make adjusting entries to properly record these distributions to the proper recipients for statement presentation. The bank statement for April, 1997 was not reconciled to the general ledger until September 24, 1997.

4. Operating and Expense Fund

Several audit adjustments were made to cash for checks recorded in the general ledger at amounts different from the check amounts and for cash transactions not recorded in the general ledger. The bank statement for April, 1997 was not reconciled to the general ledger until October 15, 1997.

The financial records not being maintained on a timely basis, deposits not being made timely, and the lack of timely bank reconciliations significantly increases the risk that errors and irregularities could occur and not be detected within a timely period.

Recommendation:

City Court Personnel should record all transactions to the general ledger on a timely basis and review the general ledger on a regular basis to ensure that all financial activity is recorded properly. Also, deposits should be made on a timely basis.

City Court personnel should prepare a monthly bank reconciliation for each bank account as soon as possible following the end of each month. Bank statements should be received unopened by an employee not responsible for performing the bank reconciliations. This employee should review all items with the bank statement and signify approval by initialing and dating the bank statement envelope.

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

Response:

The individual responsible for maintaining the financial records was terminated on May 14, 1997. After his termination, the Court began to ensure that deposits were made timely, and that bank accounts were reconciled. The reconciliations were not done until qualified personnel were in place to perform that function. The staff person began work on September 2, 1997. At the present time all transactions are recorded and deposits made timely. When bank statements are received, they are opened by the Presiding Judge who reviews all items and then presents them to the business manager. That process was started in May 1997.

**2. Need for Timely Reconciliations of
Deposits Due Others - Judicial Fund**

Finding:

For the year ended April 30, 1997, the Deposits Due Others account in the Judicial Fund has not been reconciled to the individual civil suit balances maintained in the subsidiary accounting software program. The failure to perform this procedure on a timely basis significantly increases the risk that errors and/or irregularities may occur and not be detected timely.

Recommendation:

On the last day of each month, City Court personnel should produce a printout of individual civil suit balances and reconcile the total of this printout to the Deposits Due Others general ledger account as of the last day of the month.

Response:

City Court Personnel will begin immediately to implement this procedure of reconciling the Deposits Due Others general ledger account to the individual civil suit balances on a monthly basis.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to an acceptably low level the risk that errors or irregularities 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.

City Court of Monroe, Louisiana
Monroe, Louisiana

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable conditions described above to be material weaknesses.

We also noted other matters involving the internal control structure and its operation that we reported to the management of the Court in a separate letter dated October 21, 1997.

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

Ruffin. Stephens to Monroe

October 21, 1997



Luffey
Huffmon
& Monroe

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
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)**, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 1997, and have issued our report thereon dated October 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial and compliance audits contained in *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. 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.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted a certain immaterial instance of noncompliance that we reported to the management of the Court in a separate letter dated October 21, 1997.

City Court of Monroe, Louisiana
Monroe, Louisiana

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

Rafferty, Haffner & Plante

October 21, 1997

CITY Court OF MONROE
MONROE, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED APRIL 30, 1997

In connection with our audit of the Court as of and for the year ended April 30, 1997, in accordance with Government Auditing Standards we have also reviewed the status of material prior year findings included in our report dated September 6, 1996. The following table presents the status of those findings:

<u>Prior Year Findings</u>	<u>Current Year Status</u>
Deposit Filings for Civil Suits	See Management Letter Comment
Timely Refunding of Deposits	Closed
Timely Submission of Audited Financial Statements	Closed



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Huffman
& Monroe

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To 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, 1997, and for the year then ended, certain matters came to our attention which we believe should be conveyed to the management of the Court. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 21, 1997, on the component unit financial statements.

1. **Cash Disbursements - Presence and Cancellation of Support**

Finding:

In the performance of our auditing procedures to test cash disbursements, we noted fourteen instances within our sample of forty disbursements whereby the disbursement was made with no indication of any documentation to support the disbursement. Of the remaining twenty-six disbursements that had an invoice or other documentation to support the disbursement, we noted sixteen instances that were paid from support that was not canceled, i.e., not marked "Paid".

Recommendation:

All disbursements should be made only from an original invoice or other documentation to support the check. Also, invoices or other support should be canceled, i.e., marked "Paid" to eliminate the possibility of a duplicate payment being made.

Response:

After the business manager was terminated in May 1997, court personnel were instructed to present invoices or other documentation in support of checks that were written for payment and the invoices were stamped "Paid" along with the check number.

**City Court of Monroe
Monroe, Louisiana**

2. Negative Balances in Civil Suits

Finding:

In the performance of our auditing procedures to test civil suits, we noted nine instances within our sample of twenty-two civil suits that had negative balances, i.e., costs incurred and paid in the suit exceeded deposits made.

Recommendation:

Costs of a suit should not be paid without sufficient funds in the suit to cover the payments.

Response:

The Court's policy in regards to costs associated with civil suits is that no activity is to take place in a suit that does not have sufficient funds in it to cover the activity. There are instances where a suit has money in it at the moment an activity takes place and there is not enough money to cover all of the activity; however, no actual disbursement is made on any suit that has a negative balance. The computer is setup to flash "this suit is out of money" when there is a negative balance and a password is needed to override the system in order to make any inputs on that particular suit. When there is a negative balance a letter is sent to the party involved advising that there can be no further filings in the suit until an additional deposit is made to cover future costs.

3. Deposit Filings for Civil Suits - Monroe Housing Authority

Finding:

In the performance of our procedures to test the Court's overall compliance with laws and regulations, we tested twenty-two civil court cases out of a total population of 3,425 cases during the year to ensure that the necessary deposits were made to cover filing and processing costs. We noted four instances out of our sample whereby the Court was not requiring the Monroe Housing Authority to deposit the necessary monies for the filing of civil court cases. We discovered after further analysis that the City Court did not require the Housing Authority to furnish any such deposits for any civil court cases filed within its jurisdiction. This finding was also reported in the prior audit for the year ended April 30, 1996. Because of the volume of cases that the housing Authority files monthly (25-45 per month), this represents a sizable expense to the Court which is not reimbursed, as well as a reduction of overall court revenues.

**City Court of Monroe
Monroe, Louisiana**

Recommendation:

We recommend that the Court obtain a ruling on the appropriateness and legality of the present arrangement between the Court and the Monroe Housing Authority from the City of Monroe's Attorney.

Response:

The Monroe Housing Authority, as well as all governmental bodies, is exempt from the requirements of posting advance deposits for court costs. Whether or not that entity can be required to pay the costs after the suit is terminated is not clear in the statutory language. It appears that the Housing Authority has an obligation to collect accrued cost from those tenants against whom eviction proceedings have been filed and subsequently dismissed by the Housing Authority because the rent has been paid and to remit the cost to the Court (L.S. 13:4521 and 5112). The Court shall begin submitting a bill to the Housing Authority for payment of court costs for each case that is terminated.

Raffy, Hoffman & Assocs

October 21, 1997