

**City Court of Monroe
Monroe, Louisiana**

**Basic Financial Statements
With Independent Auditors' Report
As of and for the Year Ended
April 30, 2013
With Supplemental Information**

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 NOV 27 2013

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

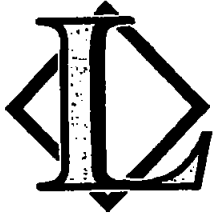
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**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

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LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

City Court of Monroe
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City Court of Monroe's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe as of April 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-8 and 23-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City Court of Monroe's financial statements. The combining schedule of changes in unsettled deposits is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of changes in unsettled deposits is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013, on our consideration of City Court of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Monroe's internal control over financial reporting and compliance.

Little & Associates LLC
Monroe, Louisiana
November 5, 2013

Management's Discussion and Analysis

**CITY COURT OF MONROE
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

Our discussion and analysis of the City Court of Monroe's (the "City Court") financial performance provides an overview of the City Court's financial activities as of and for the fiscal year ended April 30, 2013. Please read it in conjunction with the City Court's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The City Court's net position decreased by \$30,574 or 1.8%.

The City Court's total program revenues were \$323,211 in 2013 compared to \$316,291 in 2012.

During the year ended April 30, 2013, the City Court had total expenses, excluding depreciation of \$1,727,955, of which \$1,407,912 was funded by the City of Monroe.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City Court as a whole. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Monroe for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Monroe, the City Court was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the Court as a whole begins on page 5. One of the most important questions asked about the City Court's finances is "is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities

The Statement of Net Position and the Statement of Activities (Continued)

using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City Court's *net position* and changes in them. You can think of the City Court's net position – the difference between assets and liabilities – as one way to measure the City Court's financial health, or *financial position*. Over time, *increases* or *decreases* in the City Court's net position are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the City Court as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the City Court are reported here which consists primarily of certain materials and supplies, travel, repairs and maintenance and other program services. These represent expenses not paid out of the City of Monroe budget for judicial expenses. Fines, fees for services, and interest income finance most of these activities.

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 6. The fund financial statements begin on page 8 and provide detailed information about the most significant funds maintained by the City Court. The City Court's governmental funds use the following accounting approaches:

Governmental funds – All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City Court expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation disclosed in the notes to the financial statements.

The City Court as Trustee

The City Court is the trustee, or fiduciary, for its civil division and traffic violation bureau funds. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 11. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net position changed from a year ago, decreasing from \$1,693,973 to \$1,663,399. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2013 and 2012.

**Table 1
Net Position**

	Governmental Activities		
	2013	2012	Difference
Current assets	\$ 1,640,307	\$ 1,645,629	\$ (5,322)
Capital assets, net of accumulated depreciation	58,865	97,861	(38,996)
Total assets	<u>1,699,172</u>	<u>1,743,490</u>	<u>(44,318)</u>
Current liabilities	35,773	49,517	(13,744)
Total liabilities	<u>35,773</u>	<u>49,517</u>	<u>(13,744)</u>
Net position:			
Net investment in capital assets	58,865	97,861	(38,996)
Unrestricted	<u>1,604,534</u>	<u>1,596,112</u>	<u>8,422</u>
Total net position	<u>\$ 1,663,399</u>	<u>\$ 1,693,973</u>	<u>\$ (30,574)</u>

Net position of the funds maintained by the City Court's governmental activities decreased by \$30,574 or 1.8%. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements increased by \$8,422 from \$1,596,112 at April 30, 2012, to \$1,604,534 at April 30, 2013.

**Table 2
Change in Net Position**

	Governmental Activities		
	2013	2012	Difference
Revenues:			
Program revenues:			
Charges for services, fines, fees, & forfeitures	\$ 323,211	\$ 316,291	\$ 6,920
Interest and other income	6,852	7,742	(890)
Intergovernmental - City of Monroe	<u>1,407,912</u>	<u>1,443,910</u>	<u>(35,998)</u>
Total revenues	<u>1,737,975</u>	<u>1,767,943</u>	<u>(29,968)</u>

**Table 2
Change in Net Position**

	<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>	<u>Difference</u>
Expenses:			
Personal Services and Benefits	1,342,892	1,367,872	(24,980)
Operating Services	304,278	276,890	27,388
Materials and Supplies	20,845	27,796	(6,951)
Indigent Defender Board Fee Settlement	15,000	-	15,000
Conferences, CLE, and Mileage	44,940	56,814	(11,874)
Depreciation	40,594	33,453	7,141
Total Expenses	<u>1,768,549</u>	<u>1,762,825</u>	<u>(9,276)</u>
Increase(Decrease) in Net Position	<u>\$ (30,574)</u>	<u>\$ 5,118</u>	<u>\$ (35,692)</u>

For the funds maintained by the City Court, total revenues for 2013 decreased by \$29,968 (1.7%) as compared to total revenues in 2012, which was due primarily to a \$35,998 decrease in Intergovernmental payments from the City of Monroe, which was offset by a increase in charges for services, fines, fees, and forfeitures in the amount of \$6,920. For the funds maintained by the City Court, program revenues increased by \$6,920 (2.2%) from program revenue in 2012 of \$316,291 to program revenue of \$323,211 in 2013. The total expenses of the City Court increased by \$9,276 (0.5%). The portion of the expenses paid by the City Court out of its own funds increased by \$19,581 (6.9%) from \$285,462 to \$320,043.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on page 9) reported a combined fund balance of \$1,604,534, which is an increase of \$8,422 from last year. The City Court's unassigned fund balance increased \$9,414 from 2012 to 2013. Program revenues increased by \$6,920 and the amount of funding provided by the City of Monroe decreased by \$35,998, respectively, from the prior year. Expenditures paid out of the City Court's own funds increased by \$7,694 from \$314,283 in 2012 to \$321,977 in 2013.

Budgetary Highlights

For the funds maintained by the City Court, a formal budget in accordance with state law is adopted and amended as deemed to be necessary throughout the year. The budget does not include the amounts budgeted by the City of Monroe for the City Court. Total actual revenues were more than the final budgeted revenues by \$3,099. Favorable variances between actual and budgeted revenues occurred mainly in bond forfeitures. The total actual expenditures were less than the total final budgeted expenditures by \$5,323, with the most notable favorable variance having occurred in operating services, which was offset by an increase in supplies and settlement of fees to the Indigent Defender Board. Final budgeted revenues increased \$1,700 from the original budgeted revenues, primarily due to an increase in court costs and civil fees. Total expenditures per the final budget were more than the total expenditures per the original budget by \$1,700. This increase is due

Budgetary Highlights (Continued)

primarily to changes in operating services paid by the Court that were unanticipated at the time of the adoption of the original budget.

CAPITAL ASSETS

At April 30, 2013, the City Court had invested \$386,762 in capital assets from those funds maintained by the City Court. Accumulated depreciation on capital assets totaled \$327,897 at April 30, 2013.

**Table 3
Capital Assets
April 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 247,639	\$ 288,490
Equipment	80,481	80,481
Improvements	11,683	11,683
Furniture	<u>46,959</u>	<u>46,959</u>
Total Depreciable Property	386,762	427,613
Less Accumulated Depreciation	<u>(327,897)</u>	<u>(329,751)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 58,865</u>	<u>\$ 97,861</u>

This year's major capital asset additions included:

Computer and Office equipment	<u>\$ 1,934</u>
Total	<u>\$ 1,934</u>

More detailed information about the capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting the fiscal year 2014 budget. The amount available for appropriation in governmental funds is expected to approximate \$430,051 in 2014, and budgeted expenditures are estimated to be \$430,051. The City Court does not expect to have any material changes in its operations for the fiscal year ending April 30, 2014.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Court, Administrative Judges' office at 600 Calypso Street, Monroe, Louisiana 71201.

Judge Tammy D. Lee
Judge Larry D. Jefferson
Judge Jeff Joyce

Basic Financial Statements

**CITY COURT OF MONROE
MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
APRIL 30, 2013**

	General Fund	Adjustments/ Reclassifications - Note 1	Statement of Net Position
ASSETS			
Cash	\$ 1,584,441	\$ -	\$ 1,584,441
Receivables	7,378	32,721	40,099
Due from fiduciary funds	31,320	(31,320)	-
Due from other governments	1,401	(1,401)	-
Prepaid expenses	15,767	-	15,767
Capital assets, net of accumulated depreciation	-	58,865	58,865
Total Assets	\$ 1,640,307	\$ 58,865	\$ 1,699,172
LIABILITIES			
Accounts payable	\$ 35,761	\$ 12	\$ 35,773
Due to fiduciary fund	12	(12)	-
Total Liabilities	\$ 35,773	\$ -	\$ 35,773
FUND BALANCE/NET POSITION			
Fund balances:			
Nonspendable:			
Prepaid Expenses	\$ 15,767	\$ (15,767)	\$ -
Unassigned	1,588,767	(1,588,767)	-
Total Fund Balance	1,604,534	(1,604,534)	\$ -
Total Liabilities and Fund Balances	\$ 1,640,307		
NET POSITION			
Net investment in capital assets		58,865	58,865
Unrestricted		1,604,534	1,604,534
Total Net Position		\$ 1,663,399	\$ 1,663,399

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2013**

	General Fund	Adjustments/ Reclassifications - Note 1	Statement of Activities
EXPENDITURES/EXPENSES			
Judiciary - Current:			
Personal services & benefits	\$ 1,342,892	\$ -	\$ 1,342,892
Operating services	304,278	-	304,278
Materials and supplies	20,845	-	20,845
Indigent Defender Board Fee Settlement	15,000	-	15,000
Conferences, CLE, and mileage	44,940	-	44,940
Depreciation	-	40,594	40,594
Capital Outlay	1,934	(1,934)	-
Total Expenditures/Expenses	<u>1,729,889</u>	<u>38,660</u>	<u>1,768,549</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Court costs	149,357	-	149,357
Civil fees	39,440	-	39,440
Probation fees	87,546	-	87,546
Reinstatement fees	1,150	-	1,150
Bond forfeitures	5,776	-	5,776
Other charges for services	39,942	-	39,942
Program Revenues	<u>323,211</u>	<u>-</u>	<u>323,211</u>
Net Program Expense			<u>(1,445,338)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,407,912	-	1,407,912
Interest income	7,188	-	7,188
Loss on disposition of capital assets	-	(336)	(336)
Total General Revenues	<u>1,415,100</u>	<u>(336)</u>	<u>1,414,764</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,422	(8,422)	-
CHANGE IN NET POSITION		(30,574)	(30,574)
FUND BALANCE/NET POSITION:			
Beginning of the Year	<u>1,596,112</u>	<u>-</u>	<u>1,693,973</u>
End of Year	<u>\$ 1,604,534</u>	<u>\$ -</u>	<u>\$ 1,663,399</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
APRIL 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 1,600,862
Accounts receivable	<u>902</u>
Total Assets	<u><u>\$ 1,601,764</u></u>
LIABILITIES	
Liabilities:	
Accounts payable	\$ 217,761
Unsettled deposits held for others	<u>1,384,003</u>
Total Liabilities	<u><u>\$ 1,601,764</u></u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

INTRODUCTION

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. The current term expires on December 31, 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the City Court of Monroe have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For reporting purposes, the City of Monroe, Louisiana (the "City") serves as 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 for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

B. REPORTING ENTITY (CONTINUED)

- 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.

The Court is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the Court is fiscally dependent on the City, the Court was 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 of Monroe, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year and to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

C. FUND ACCOUNTING (CONTINUED)

finance future period programs or operations of the City Court of Monroe. The following are the Court's governmental funds:

General Fund

The General Fund is the primary operating fund of the Court, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court's policies.

Fiduciary Funds

Fiduciary funds' reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Court are agency funds. The Court maintains three agency funds: the Judicial Advance Fund, the Special Cost Fund, and the Bond Escrow Fund. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. In addition, the agency funds are not available to support the Court's operations.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. 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 pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs, civil fees, probation fees, bond forfeitures, 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, probation fees, bond forfeitures, reinstatement fees, and interest income 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.

Government-Wide Financial Statements (GWFS)

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

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

General Revenues – General revenues included in the column labeled Statement of Activities (Schedule B) are derived from on-behalf payments from the City of Monroe, interest income, and from other sources not considered program revenues. General revenues finance the remaining balance of functions not covered by Program revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Statement B	
Capitalization of Capital Assets	\$ 1,934
Loss on Disposal of Capital Assets	(336)
Recording of Depreciation Expense	(40,594)
Net Effects of Changes	\$(38,996)
Statement A	
Recording of Capital Assets, Net of Accumulated Depreciation	\$ 58,865
Net Effect of Changes	\$ 58,865

E. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position, and the related depreciation expense is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

E. CAPITAL ASSETS (CONTINUED)

Description	Estimated Lives
Computer Equipment and Software	3 – 10 years
Equipment	5 – 10 years
Furniture and Fixtures	5 – 10 years

F. GOVERNMENTAL FUND BALANCES

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Court – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Court removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Court’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

F. GOVERNMENTAL FUND BALANCES (CONTINUED)

reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

G. USE OF RESTRICTED RESOURCES

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Court's policy is to first apply the expense toward restricted resources then toward unrestricted resources. In governmental funds, the Court's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

H. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. 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. No claims were paid on any of the policies during the past three years that exceeded the policies' coverage amounts.

2. DEPOSITS AND CUSTODIAL CREDIT RISK

Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits 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 principal offices in Louisiana. Cash includes cash on hand, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

DEPOSITS AND CUSTODIAL CREDIT RISK (CONTINUED)

Court may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. At April 30, 2013, the Court had cash (book balances) of \$1,584,441, of which \$1,583,941 was in bank accounts and \$500 in petty cash. These amounts are stated at cost, which approximates market.

The Court's deposits (bank balances) totalled \$3,194,784 at April 30, 2013. Under state law, these deposits, or the resulting bank balances, must be collateralized by Federal deposit insurance or the pledge of securities. 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. Also, 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. At April 30, 2013, these deposits were collateralized in full.

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. As of April 30, 2013, none of the Court's deposits were exposed to custodial credit risk.

3. RECEIVABLES

The receivables, as reported in the Statement of Net position at April 30, 2013, are summarized as follows:

Class of Receivable	General Fund
Fees, Charges, and Commissions - Due from Fiduciary Funds	\$ 31,320
Due from others	7,378
Due from other governmental entities	1,401
Total	\$ 40,099

The Court utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

4. ACCOUNTS PAYABLE

Accounts payable of \$35,773, as reported in the Statement of Net position at April 30, 2013, was comprised of operating trade payables of \$20,761, settlement of fees due to Indigent Defender Board of \$15,000, and due to the Special Cost Fund of \$12.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

5. DUE FROM/TO OTHER FUNDS

Individual balances due from/due to other funds as reported in the fund financial statements at April 30, 2013, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 31,320	\$ 12
Special Cost Clearing Fund	12	17,927
Judicial Fund	-	13,393
Totals	<u>\$ 31,332</u>	<u>\$ 31,332</u>

The balance due to the general fund resulted from fees, charges, and other court costs collected by the fiduciary (agency) funds on behalf of the general fund.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended April 30, 2013, are as follows:

<u>Governmental Activities</u>	April 30, 2012	Additions	Retirements	April 30, 2013
Computer equipment & software	\$ 288,489	\$ 1,934	\$ (42,784)	\$ 247,639
Equipment	80,481	-	-	80,481
Furniture	46,959	-	-	46,959
Improvements	11,683	-	-	11,683
Total	<u>427,612</u>	<u>1,934</u>	<u>(42,784)</u>	<u>386,762</u>
Less Accumulated depreciation:				
Computer equipment & software	216,236	36,423	(42,448)	210,211
Equipment	60,334	2,778	-	63,112
Furniture	46,172	225	-	46,397
Improvements	7,009	1,168	-	8,177
Total	<u>329,751</u>	<u>40,594</u>	<u>(42,448)</u>	<u>327,897</u>
Capital Assets, Net	<u>\$ 97,861</u>	<u>\$ (38,660)</u>	<u>\$ (336)</u>	<u>\$ 58,865</u>

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

**7. CHANGES IN AGENCY FUNDS –
UNSETTLED DEPOSITS HELD FOR OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2012, is as follows:

Balance at April 30, 2012	\$ 1,223,965
Additions	2,258,800
Reductions	<u>(2,098,762)</u>
Balance at April 30, 2013	<u>\$ 1,384,003</u>

8. LEASES

The Court leases equipment under lease agreements which are maintained and paid by the City of Monroe. The total lease expense under such arrangement with the City totaled \$10,430 for the year ended April 30, 2013.

9. ON-BEHALF PAYMENTS

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations. The City of Monroe made on-behalf payments of \$1,407,912 for the Court for the year ended April 30, 2013, as follows:

Salaries (including sick pay and vacation pay)	\$ 998,796
Fringe Benefits	308,735
Operating expenses	100,381
Total	<u>\$ 1,407,912</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the City Court of Monroe.

10. LITIGATION AND CLAIMS

As of and for the year ended April 30, 2013, the City Court of Monroe was involved in litigation with a former employee. This case is in the early stages of litigation and the attorney's plan to contest the case vigorously. The Attorney General's office states that any monetary evaluation of the outcome of the case would be premature at this point.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2013**

11. INDIGENT DEFENDER FUND – SPECIAL COST ASSESSMENTS

During the year 2012, the Court was informed that it had not been assessing and remitting the proper amount of special court costs to the Public Defender for the Indigent Defender Fund during the period from August 2007 to February 2011. In 2012 the Court obtained an opinion from the Attorney General, Opinion 11-0243, regarding the additional funds that are due to the Indigent Defender Fund who advised there will not be any additional fees paid for the prior periods due to La. Const. art. VII, Section 14. The Louisiana Public Defender Board appealed the Attorney General's opinion. In December 2012, the Attorney General recalled the original decision, Opinion 11-0243, and issued Opinion 11-0243A, which states that the proposed transfer of funds for the additional fees to the district indigent defender fund would not violate La. Const. art. VII, Section 14. Due to the revised Attorney General opinion, the Court will pay the Indigent Defender Board the money owed in the amount of, \$15,000, which is included in Accounts Payable on the Government Funds Balance Sheet/Statement of Net Position on page 9 of the financial statements for the year ended April 30, 2013.

12. SUBSEQUENT EVENTS

The Monroe City Court has evaluated events through November 5, 2013, the date which the financial statements were available for issue.

Required Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2013**

	Budgeted Amounts		Actual Revenues & Expenditures	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Program revenues:				
Court costs and civil fees	\$ 180,000	\$ 190,000	\$ 188,797	\$ (1,203)
Agency fees	3,500	3,500	-	(3,500)
Probation fees	86,000	90,000	87,546	(2,454)
Reinstatement fees	650	1,000	1,150	150
Bond forfeitures	14,000	2,000	5,776	3,776
Other charges for services	38,150	38,000	39,942	1,942
General revenues:				
Interest income	3,300	2,800	7,188	4,388
Total revenues	325,600	327,300	330,399	3,099
EXPENDITURES				
Judiciary - Current:				
Personal services & benefits	55,000	38,974	35,362	(3,612)
Operating services	179,100	234,326	203,896	(30,430)
Materials and supplies	5,000	10,000	20,845	10,845
Indigent Defender Board Fee Settlement	-	-	15,000	15,000
Conferences, CLA & mileage	56,500	38,500	44,940	6,440
Capital Outlay	30,000	5,500	1,934	(3,566)
Total expenditures	325,600	327,300	321,977	(5,323)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	8,422	8,422
FUND BALANCE AT BEGINNING OF YEAR	1,596,112	1,596,112	1,596,112	-
FUND BALANCE AT END OF YEAR	\$ 1,596,112	\$ 1,596,112	\$ 1,604,534	\$ 8,422

See accompanying notes to Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget (GAAP) Basis and Actual.

NOTE 1 – BUDGETARY POLICIES

The proposed budget for the General Fund 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 by the judges 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 Court's expenditures budgeted annually by the City of Monroe.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying schedule include the original adopted budget amount and the final amended budget.

Other Supplemental Information

**CITY COURT OF MONROE
MONROE, LOUISIANA
OTHER SUPPLEMENTAL INFORMATION
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

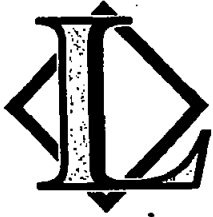
The Special Cost Clearing Fund accounts for the collection of fines and court costs and the payment of these collections to recipients in accordance with applicable laws.

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.

**CITY COURT OF MONROE
MONROE, LOUISIANA
FUDICIARY FUND TYPE - AGENCY FUNDS
COMBINING SCHEDULE OF CHANGES
IN UNSETTLED DEPOSITS
FOR THE YEAR ENDED APRIL 30, 2013**

	JUDICIAL FUND	SPECIAL COST	BOND ESCROW FUND	TOTAL
Unsettled deposits held for others, April 30, 2012	\$ 917,774	\$ (321)	\$ 306,512	\$ 1,223,965
Additions:				
Advance deposits	651,771			651,771
Fines and court costs		1,542,529		1,542,529
Appearance bonds			64,500	64,500
Total Additions	651,771	1,542,529	64,500	2,258,800
Total	1,569,545	1,542,208	371,012	3,482,765
Reductions:				
Transfers to General Fund:				
Special civil cost	39,440			39,440
Court costs – traffic and criminal		149,417		149,417
Probation fees		87,546		87,546
Transfers to City of Monroe:				
Clerk fees	218,040			218,040
Court costs:				
Equipment Fund		5,940		5,940
Fines and forfeitures		673,890		673,890
Jail		56,817		56,817
Appearance bond refunds			2,650	2,650
Appearance bond forfeited			43,945	43,945
Attorney's fees	1,200			1,200
Indigent Defender Board		269,443		269,443
Judges' Supplemental Compensation Fund	65,697			65,697
Louisiana Commission on Law Enforcement		16,491		16,491
Louisiana Rehabilitation Services:				
Head and Spinal Cord Injury		4,890		4,890
Louisiana State Treasurer		17,037		17,037
Marshal's fees	75,388	186,927		262,315
North Louisiana Criminalistic Laboratory		57,183		57,183
Secretary of State	4,475			4,475
Advance deposit refunds	63,516			63,516
Sheriff's fees	27,389			27,389
Other reductions	15,573	15,868		31,441
Total Reductions	510,718	1,541,449	46,595	2,098,762
Unsettled deposits held for others, April 30, 2013	\$ 1,058,827	\$ 759	\$ 324,417	\$ 1,384,003



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

City Court of Monroe
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Monroe, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise City Court of Monroe's basic financial statements, and have issued our report thereon dated November 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Court of Monroe's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Court of Monroe's internal control. Accordingly, we do not express an opinion on the effectiveness of City Court of Monroe's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of City Court of Monroe's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described

in the accompanying Schedule of Findings and Responses, item 2013-01, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City Court of Monroe's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City Court of Monroe in a separate letter dated November 5, 2013.

City Court of Monroe's Response to Findings

The City Court of Monroe's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City of Monroe's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City Court of Monroe's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Monroe's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Little & Associates, LLC
Monroe, Louisiana
November 5, 2013

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2013-01 – Insufficient Internal Controls Over Monitoring Accounting Services Provided by a Third Party

Criteria: Management should monitor all accounting services of the Court even when such services are provided by a third party for completeness and accuracy.

Condition: A significant amount of reclassification entries were made to the accounting system as a result of inaccurate and/or incomplete record keeping provided by a third party fee accountant, which was not discovered by management.

Effect: Possibility of material misstatement of the financial statements.

Cause: Lack of proper monitoring and review of accounting services provided by the third party fee accountant.

Context: Appears to be pervasive in the accounting records.

Auditor's Recommendations: We recommend to the City Court of Monroe that they monitor accounting services provided by third parties for completeness and accuracy on a monthly basis to avoid misposted transactions and incorrect entries in the accounting records that could cause material misstatements.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Schedule of Findings and Responses
As of and For the Year Ended April 30, 2013**

Views of Responsible Officials and Planned Corrective Action:

The Monroe City Court accepts the recommendation of its auditor that the Court more closely monitor the accounting services provided by third parties for completeness and accuracy on a monthly basis to avoid "misposted transactions" and incorrect entries in the accounting records that could cause material misstatements. The Court makes specific note it has severed relations with the third party vendor contracted to provide professional accounting services to and behalf of the Court.

While the Court historically monitored and presently continues to monitor its budget and financial transactions on a monthly basis, it will further monitor its accounting records by specifically reviewing all entries posted to its general ledger, its profit and loss report, and other available internal accounting system reports that may more readily identify "misposted transactions" and incorrect entries. The Court will also consider engaging the services of a professional accounting firm experienced in governmental accounting and audit to review the Court's financials on a quarterly basis, thereby identifying potential errors in the posting of transactions and ensuring compliance with generally accepted accounting principles. Lastly, the Court will continue to train administrative personnel in the area of accounting.

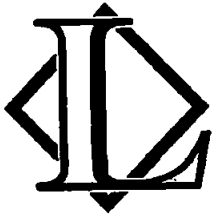
Person Responsible for Corrective Action:

Judge Tammy Lee
Judge Larry Jefferson
Judge Jefferson Joyce
600 Calypso Street
Monroe, LA 71210

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2013**

There were no finding for the year ended April 30, 2012.



LITTLE & ASSOCIATES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

November 5, 2013

Monroe City Court
Monroe, LA

In planning and performing our audit of the financial statements of Monroe City Court as of and for the year ended April 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Monroe City Court's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monroe City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Monroe City Court's internal control.

However, during our audit we became aware of a matter that is an opportunity to strengthen internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding that matter included in ML-2013-01. We previously reported on the Monroe City Court's internal control in our report dated November 5, 2013. This letter does not affect our report dated November 5, 2013, on the financial statements of the Monroe City Court.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Monroe City Court personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Little & Associates, LLC
Little & Associates, LLC

ML-2013-01

Prepare and File 1099's

The Monroe City Court did not file any 1099's relating to nonemployee compensation. We noted several vendors that should have received a 1099 for the calendar year 2012 based on the Internal Revenue Code 2012 Instructions for Form 1099-MISC and General Instructions for Certain Information Returns. The Instructions state that payments by local government agencies are reportable on Form 1099-MISC for each person you have paid at least \$600 in services and are due by February 28, 2013. A penalty of \$100 is charged for every form not filed timely, but may be reduced if filed before August 1, 2013. Payments to a corporation for anything other than legal services are exempt from the 1099 filing requirements.

We recommend that the Court file the necessary 1099's per the Internal Revenue Code Instructions for Form 1099-MISC and General Instructions for Certain Information Returns for each calendar year.

Auditee Response and Plan:

The Monroe City Court agrees with the recommendation of its auditor with respect to the timely filing of Form 1099-MISC's for all vendors paid at least \$600 for services rendered in a calendar year. While the Court relied upon its previously contracted, professional accounting service to timely issue all necessary tax forms including Form 1099's, the Court has since engaged the accounting services of another individual. The Court is presently in the process of correcting the omission, and will file all Form 1099-MISC's in compliance with the Internal Revenue Code. Further, the Court will continue with greater oversight of the vendor and accounting services rendered on behalf of the Court.

Person Responsible for Corrective Action:

Judge Tammy Lee
Judge Larry Jefferson
Judge Jefferson Joyce
600 Calypso Street
Monroe, LA 71210

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA**

**Summary Schedule of Prior Management Letter Comments
As of and For the Year Ended April 30, 2013**

ML-2012-01Update Outstanding Bond List

The Monroe City Court's Outstanding Bond List is not complete. We noted a difference of \$1,711.50 between the Outstanding Bond List and the amount of outstanding bonds per the General Ledger. We suggest the Court research the difference and update the Outstanding Bond List to reconcile with the amount of outstanding bonds on the General Ledger. We also suggest the Court reconcile the Outstanding Bond List on a monthly basis and retain and review the supporting documentation for all changes to the Outstanding Bond List. A current Outstanding Bond List is a useful tool in maintaining proper records of the outstanding bonds and aids in the prevention of duplicate refunds.

Auditee Response and Plan: The Monroe City Court has researched the difference between its Outstanding Bond List and the amount of bonds per the General Ledger. The Court has reconciled said difference, and identified stale dated checks as the cause of the difference. The Court will void the stale dated checks in question, and reissue them so as to clear this matter. The Court will reconcile the Outstanding Bond List on a monthly basis and will continue to retain and review the supporting documentation for all changes to the Outstanding Bond List. Furthermore, the Court will create a database of outstanding bonds to implement stronger internal controls as they relate to cash bonds.

Status: Cleared

Narrative Action: Corrective action was taken.

Report Period: April 30, 2012

ML-2012-02Reconcile Judicial Fund #4 Cash and Case Balances

We noted a difference of \$6,767 between the cash balance and the case balance of the Judicial Fund #4. The difference was due to a stale dated check that was voided per the General Ledger, but not voided in the case management system. We recommend that the Court mirror the transactions in the QuickBooks system and the case management system in order to reconcile.

Auditee Response and Plan: The Court will continue to reconcile the Judicial Fund Four (4) cash balance to its Civil Case Management Accounting/Ledger System. The Court has identified one stale dated check that was voided in the General Ledger in its

**CITY COURT OF MONROE
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QuickBooks program, but not voided in its Case Management System. The Court promptly corrected this transaction when discovered. Furthermore, the Court will continue to routinely mirror all accounting transactions in the QuickBooks system and the Case Management System in order to reconcile.

Status: Cleared

Narrative Action: Corrective action was taken.

Report Period: April 30, 2012

ML-2012-03

Resolve Outstanding Payable

We noted an outstanding payable which is due to the prior year finding regarding insufficient documentation of internal controls. We suggest the Court resolve the outstanding payable to avoid issues related to untimely payment of bills.

Auditee Response and Plan: The Court adopted an en blanc order placing more stringent internal controls on the ordering process. However, the Monroe City Court has been unable to reach agreement regarding resolution of the outstanding payable.

Status: Cleared

Narrative Action: Corrective action was taken.

Report Period: April 30, 2012