

**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA**

***Annual Financial Report***

***December 31, 2014***

**CITY COURT OF HOUMA  
 TERREBONNE PARISH, LOUISIANA  
 Annual Report  
 December 31, 2014**

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**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

This discussion and analysis of the City Court of Houma, Louisiana's financial performance provides an overview of the financial activities as of and for the year ended December 31, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operations:

- The net position of our governmental activities increased by \$63,591 or 12%.
- As a result of this year's operations, assets exceeded liabilities by \$612,250 (net position).
- Total spending for all governmental activities was \$916,081 for the year, which was \$56,197 less than the program revenues of \$972,278.
- The governmental fund reported total ending fund balance of \$478,662 of which all was considered unassigned.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Other Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

**Government-Wide Financial Statements**

One of the most important questions asked about finances is, "Is the City Court of Houma, Louisiana 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 as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the City Court of Houma, Louisiana.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The City Court of Houma, Louisiana uses only the governmental type of fund with the following accounting approach. Most of the basic services 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 general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. 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 reconciliation at the bottom of the fund financial statements.

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***FINANCIAL ANALYSIS AS A WHOLE (GWFS)***

The net position increased by \$63,591. The net investment in capital assets increased substantially by over \$100,000 primarily due to capital assets purchased in the current year. Unrestricted net assets—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed the increase this year. The balance in net position represents the accumulated results of all past years' operations.

Our analysis focuses on the net position and changes in net position of the governmental-type activities:

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

Program revenues for the governmental activities decreased by over \$33,000 a little more than 3%, while expenses also decreased by about the same amount. General revenues consisting of interest earned and other miscellaneous revenue increased slightly.

Condensed Statement of Net Position

	2013	2014	Dollar Change
Current and Other Assets	\$637,617	\$551,862	\$(85,755)
Capital Assets	31,213	133,588	102,375
<b>Total Assets</b>	<b>668,830</b>	<b>685,450</b>	<b>16,620</b>
Current Liabilities	120,171	73,200	(46,971)
Net Investment in Capital Assets	31,213	133,588	102,375
Unrestricted	517,446	478,662	(38,784)
<b>Total Net Position</b>	<b>\$548,659</b>	<b>\$612,250</b>	<b>\$ 63,591</b>

Condensed Statement of Activities

	2013	2014	Dollar Change
Total program expenses	\$(939,688)	\$(916,081)	\$(23,607)
Total program revenues	1,005,742	972,278	(33,464)
<b>Net program income</b>	<b>66,054</b>	<b>56,197</b>	<b>(9,857)</b>
General revenues	5,164	7,394	2,230
<b>Change in Net Position</b>	<b>71,218</b>	<b>63,591</b>	<b>(7,627)</b>
<b>Net Position:</b>			
Beginning of the year	477,441	548,659	71,218
End of the year	<b>\$ 548,659</b>	<b>\$ 612,250</b>	<b>\$ 63,591</b>

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)**

The City Court of Houma, Louisiana uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The general fund, reported an ending fund balance of \$478,662, a decrease of approximately 7%. This increase is primarily the result of the events and programs

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

described within the analysis of the governmental activities. Total revenues decreased approximately \$31,000 or 3%. Current expenditures for judicial activities were \$894,241 a slight decrease from the prior year by 4%. Capital outlay equaled \$124,215, a significant increase from amounts expended last year, mostly for camera equipment, computer equipment, and new software purchases.

The agency funds are composed mainly of cash for fines and fees collected for amounts due to others from these collections. The Civil Cost Fund is the largest of the agency funds with approximately \$1 million in cash and investments for future disposition of civil cases. The Criminal Cost Fund reflects approximately \$60,000 in cash for future disposition in criminal cases. The Bond Fund reflects approximately \$36,000 in cash for bonds held for future disposition.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised during the year as summarized below.

	Originally budgeted revenues	\$ 1,037,574
	<b>Increases (decreases) were provided for:</b>	
	A decrease in fees revenue	(58,607)
	An increase in miscellaneous and interest	(1,681)
	Final budgeted revenues	\$977,286
	Originally budgeted expenditures	\$1,023,629
	<b>Increases (decreases) were provided for:</b>	
	A decrease in current expenditures	(1,224)
	A decrease in capital outlay	(3,948)
	Final budgeted expenditures	\$1,018,457

Fees collected were less than originally anticipated and the budget was amended for the decrease in fees of over \$58,000. The individual line items for expenditures were adjusted slightly according to actual expenditures.

Budget variances for total revenues and expenditures were in compliance with the Local Government Budget Law.

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation of \$62,944, for governmental activities at year-end were \$133,588. This year there was \$124,215 of additions to capital assets. Depreciation of \$21,840 was recorded on capital assets. All fully depreciated assets (\$322,657) and the related accumulated depreciation no longer in service were removed from the list. More detailed information about the capital assets is presented in Note 3 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Many factors were considered when budgeting for the current fiscal year. Possible new laws and regulations, increased rates and fees that would be charged were all considered. Historically, the office staff and costs remain stable and should continue to do so. The Terrebonne Parish Council in their current operating budget absorbs some capital asset purchases and other operating expenses. If these estimates remain consistent, the City Court of Houma, Louisiana's General Fund balance is expected to decrease accordingly by the close of 2015. Highlights of next year's adopted budget for the general fund include:

<b>2015 Condensed Summary of Budgeted Finances</b>		
<b>Anticipated revenues</b>		\$1,022,640
<b>Expenditures:</b>		
Current		922,084
Capital outlay		69,000
Anticipated expenditures		991,084
Excess of revenues		31,556
<b>Fund Balance:</b>		
Beginning of the year		427,229
End of the year		\$458,785

**CITY COURT OF HOUMA, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the Year Ended December 31, 2014*

**CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City Court of Houma, Louisiana's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Mr. Douglas Holloway, Court Administrator  
8046 Main Street  
Houma, LA 70360  
Phone 985-868-4232

## ***FINANCIAL SECTION***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Matthew H. Hagen, Judge  
City Court of Houma  
Terrebonne Parish, Louisiana

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Houma, Louisiana, a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2014, and the notes to the financial statements, which collectively comprise the 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 an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Honorable Matthew H. Hagen, Judge  
City Court of Houma, Louisiana

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 evaluation 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 financial position of the governmental activities and each major fund of the City Court of Houma, Louisiana as of December 31, 2013 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information 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 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.



To the Honorable Matthew H. Hagen, Judge  
City Court of Houma, Louisiana

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2015, on our consideration of the City Court of Houma's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
March 23, 2015



**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**

*Statement of Net Position*

*December 31, 2014*

**ASSETS**

Cash	\$ 400,429
Investments	100,000
Fees & costs receivable	51,433
Capital Assets, net of depreciation	<u>133,588</u>
<b>TOTAL ASSETS</b>	<u><u>685,450</u></u>

**LIABILITIES**

Accounts payable	7,654
Due to Terrebonne Parish Consolidated Govt	<u>65,546</u>
<b>TOTAL LIABILITIES</b>	<u><u>73,200</u></u>

**NET POSITION**

Net Investment in Capital Assets	133,588
Unrestricted	<u>478,662</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 612,250</u></u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Statement of Activities - Governmental Activities*  
*For the Year Ended December 31, 2014*

<b>FUNCTIONS/PROGRAMS</b>	Expenses	Program Revenue Charges for services	Operating Grants	Net (Expense) Revenue
Judicial activities:	\$916,081	\$ 928,650	\$ 43,628	\$ 56,197
Total governmental activities	916,081	928,650	43,628	56,197
<b>GENERAL REVENUES</b>				
Interest earned				7,394
<b>TOTAL GENERAL REVENUES</b>				<b>7,394</b>
<b>CHANGE IN NET POSITION</b>				63,591
<b>NET POSITION:</b>				
Beginning of year				548,659
End of year				<b>\$ 612,250</b>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Balance Sheet - Governmental Fund - General Fund*  
*December 31, 2014*

<b>ASSETS</b>	
Cash	\$ 400,429
Investments	100,000
Fees & Costs Receivable	51,433
Total assets	551,862
 <b>LIABILITIES</b>	
Accounts Payable	7,654
Due to Terrebonne Parish Consolidated Govt	65,546
Total liabilities	73,200
 <b>FUND BALANCE</b>	
Unassigned	478,662
Total fund balance	478,662

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

	133,588
Net assets of governmental activities	\$ 612,250

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**

*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Fund - General Fund*  
*For the Year Ended December 31, 2014*

**REVENUES**

Charges for services:	
Criminal fees	\$ 339,276
Juvenile fees	93,546
Civil fees	323,729
Building fees	172,099
Intergovernmental revenue	43,628
Miscellaneous:	
Interest & Investment income	7,394
Other	-
Total revenues	<u>979,672</u>

**EXPENDITURES**

Current:	
Reimbursement to Terrebonne Parish Consolidated Government	367,948
Transfer to Parish for Building Fund	172,099
Salaries and employee benefits	100,526
Office supplies	33,575
Postage	17,200
Law books, dues and publications	18,533
Professional services	54,827
Travel, education and seminars	30,931
Telecommunications	17,492
Computer services	48,917
Uniform and clothing allowance	2,546
Insurance	2,943
Equipment repairs and maintenance	11,192
Miscellaneous	15,512
Total current expenditures	<u>894,241</u>
Capital outlay	124,215
Total expenditures	<u>1,018,456</u>

Excess (deficiency) of revenues over expenditures (38,784)

**FUND BALANCES**

Beginning of year	517,446
End of year	<u>\$ 478,662</u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Reconciliation of the Net Change in Fund Balances (FFS)*  
*to the Statement of Activities (GWFS)*  
*For the Year Ended December 31, 2014*

Net change in fund balances—total governmental funds (FFS)	\$	(38,784)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

	124,215	
Capital outlays		
Depreciation	<u>(21,840)</u>	
		102,375
Change in net assets - governmental activities (GWFS)	\$	<u><u>63,591</u></u>

See notes to financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Statement of Fiduciary Net Position - Agency Funds*  
*December 31, 2014*

<b>ASSETS</b>	<b>Civil Cost Fund</b>	<b>Criminal Cost Fund</b>	<b>Bond Fund</b>	<b>Totals</b>
Cash	\$ 306,954	\$ 59,896	\$ 36,442	\$ 403,292
Investments	775,000	-	-	775,000
Total assets	<u>\$ 1,081,954</u>	<u>\$ 59,896</u>	<u>\$ 36,442</u>	<u>\$ 1,178,292</u>
<b>LIABILITIES</b>				
Bonds held for future disposition	\$ -	\$ -	\$ 36,442	\$ 36,442
Civil funds held for future disposition	1,081,954	-	-	1,081,954
Criminal funds held for future disposition	-	59,896	-	59,896
Total liabilities	<u>\$ 1,081,954</u>	<u>\$ 59,896</u>	<u>\$ 36,442</u>	<u>\$ 1,178,292</u>

See notes to the financial statements.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**INTRODUCTION**

The City Court of Houma is organized under the Louisiana Revised Statute 13:1872. The City Court is a limited jurisdiction court handling civil suits up to \$20,000, adult misdemeanors and juvenile proceedings. The Honorable Judge of the City Court of Houma is an elected official, elected for a four year term with no term limits. For the year ended December 31, 2014 the Honorable Judge Jude Fanguy's term ended and he retired. Elected to the Honorable Judge for the new term that ends December 31, 2018 is Honorable Judge Matthew H. Hagen.

**Note 1**                      **Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. Reporting Entity**

The Judge of the City Court of Houma is an independently elected official. However, the City Court of Houma is fiscally dependent on the Terrebonne Parish Consolidated Government for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

The accompanying financial statements present information only on the funds maintained by the City Court of Houma and do not present information on the Terrebonne Parish Consolidated Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 1**                      **Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**Governmental Fund Type**

Governmental funds account for all of the 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 or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the governmental funds:

General Fund - The General Fund is used to account for all financial resources and expenditures of the City Court of Houma, Louisiana except those required to be accounted for in other funds.

**Fiduciary Fund Type**

Agency Funds - Agency Funds are used to account for assets held by the City Court of Houma, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

**D. Measurement Focus / Basis of Accounting**

**Fund Financial Statements (FFS)**

The amounts reflected in fund financial statements, 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 operations.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 1      Summary of Significant Accounting Policies (Continued)**

**D.      Measurement Focus / Basis of Accounting (Continued)**

**Fund Financial Statements (FFS) (Continued)**

The amounts reflected in the fund financial statements, 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 when due, and certain compensated absences 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 fines and fees and interest are recorded when earned and measurable.

**Expenditures** – The major expenditures of salaries and benefits, and court processing and clerk fees are recorded when the salary is earned and payable or when the fees are incurred.

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 1      Summary of Significant Accounting Policies (Continued)**

**D.      Measurement Focus / Basis of Accounting (Continued)**

**Program Revenues** - Program revenues included in the column labeled Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

**E.      Budgets**

The City Court of Houma, Louisiana presents, adopts and amends an operating budget for the general fund as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. The budget presented in the Budget Comparison Schedule shows the original and final amended budgets for the year.

The City Court of Houma does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

**F.      Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Houma City 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. City Court of Houma's cash includes amounts in regular and savings accounts.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. State law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 1      Summary of Significant Accounting Policies (Continued)**

**F.      Cash and Investments (continued)**

The City Court of Houma, Louisiana may invest idle funds as authorized by Louisiana Statutes, as follows:

- (a) United States bonds, treasury notes, certificates, or any other federally insured investments.
- (b) Time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the state of Louisiana.
- (c) Mutual or trust funds, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940 and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

**G.      Capital Assets**

Capital assets are capitalized at historical cost or estimated if historical cost is not available. 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 GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and equipment	<u>5-10 years</u>

**H.      Compensated Absences**

All individuals who work at the City Court of Houma are primarily employees of the Terrebonne Parish Consolidated Government; therefore, no liability for compensated absences is recorded in these financial statements. Vacation and sick leave do not accumulate.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
 Notes to Financial Statements  
 For the Year Ended December 31, 2014

**Note 1      Summary of Significant Accounting Policies (Continued)**

**I.      Fund Equity**

Net position represents the difference between all other elements in a statement of financial position and should be displayed in three components – *net investment in capital assets, restricted, and unrestricted.*

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the Judge through approval in minutes. Assigned fund balances is a limitation imposed by a designee of the Judge. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

**J.      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.

**Note 2                      Deposits and Investments**

*Deposits*

The year-end balances of deposits are as follows:

	Bank Balances	Reported Amount
Cash	\$1,130,303	\$803,721
Certificates of Deposit	875,000	875,000
<b>Totals</b>	<b>\$1,780,303</b>	<b>\$1,678,721</b>

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 2**                      **Deposits and Investments (Continued)**

State law requires deposits (cash & certificates of deposit) be fully collateralized at all times. Acceptable collateralization includes the FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. As of December 31, 2014, \$703,163 of the City Court's bank balance was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the City Court's name.

At year-end, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of depositors. The GASB, which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, 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 district that the fiscal agent has failed to pay deposited funds upon demand.

A reconciliation of deposits reported on the financial statements follows:

	Reported Amount
Cash – governmental fund	\$400,429
CD – governmental fund	100,000
Cash – agency funds	403,292
Certificates of deposit – agency funds	775,000
<b>Totals</b>	<b>\$1,678,721</b>

**Investments**

State statutes authorize investing in obligations of the US Treasury, agencies, and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 2**                      **Deposits and Investments (Continued)**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, the City Court will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

Total reconciliation of investments as shown reported on the financial statements is as follows:

	Reported Amount
Investments – CDs-governmental fund	\$100,000
Investments – CDs-agency funds	775,000
Totals	\$875,000

**Note 3**                      **Capital Assets**

Capital assets and depreciation activity for the year is as follows:

Governmental Activities	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Furniture and Equipment	\$394,974	\$124,215	(\$322,657)	\$196,532
Less accumulated depreciation	363,761	21,840	(322,657)	62,944
Furniture& Equipment, net	\$31,213			\$133,588

Depreciation expense for the year recorded for governmental activities was \$21,840. All fully depreciated assets and the related accumulated depreciation no longer in service were removed from the list.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 4**                      **Employee Retirement Systems**

**Employees**

All individuals who work at City Court of Houma, Louisiana are primarily paid by the Terrebonne Parish Consolidated Government and are consequently members of the State Parochial Employee's Retirement System of Louisiana and the Louisiana State Employee's Retirement System. GASB requires certain disclosures for employers who maintain retirement plans for their employees.

All individuals employed at the City Court of Houma, Louisiana are primarily compensated by others who disclose the required retirement plan information in their separately issued financial statements. The retirement plan mentioned above is administered and controlled by a separate board of trustees.

Payments made on behalf of the City Court employees for pension benefits to the State Parochial Employee's Retirement System of Louisiana by the TPCG for the current year is \$84,572.

**Judge**

*Plan Description.* The judge is a member of the Louisiana State Employees' Retirement System (LASERS), a cost sharing, and multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS membership includes rank & file state employees and special plans for: judges, certain legislative officials and statewide elected officials, correctional officers in the Department of Safety and Corrections, bridge police for the Crescent City Connection, enforcement agents with the Department of Wildlife and Fisheries, Alcohol and Tobacco Control officers, and peace officers.

Membership in LASERS is mandatory for all state employees whose employing agencies are LASERS participants, except those exempted by State law. Eligibility for Retirement when service as a judge or court officer is 18 years regardless of age, or age 50 and 20 years, or age 55 and 23 years, or age 60 regardless of service. The retirement benefit is equal to 3.5% of the member's average compensation for each year of creditable service as a judge or a court officer, benefits not to exceed 100% of average earnable compensation. Disability and Survivor benefits exist as well.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, 225-922-0600.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 4**                    **Employee Retirement Systems (continued)**

Funding Policy: Judges who are members are required by state statute to contribute 11.5% of their annual covered salary and the City Court is required to contribute at an actuarially determined rate.

The current rate was 33.8% of annual covered payroll from January 1, 2014 to December 31, 2014. The contribution requirements of plan members and the City Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City Court contributions to LASERS for the years ending December 31, 2014, 2013, and 2012 were \$22,175, \$19,436 and \$18,975, respectively, equal to the required contributions for each year.

**Note 5**                    **Reimbursement to Terrebonne Parish Consolidated Government**

The Terrebonne Parish Consolidated Government (TPCG) pays certain operating costs of the City Court of Houma, Louisiana. These costs include salaries and benefits, supplies, utilities and insurance and are not recognized as expenditures by the City Court of Houma, Louisiana and accordingly, are not included in the basic financial statements. For the current year TPCG paid \$1,202,732 for the City Court of which \$344,779 was reimbursed.

**Note 6**                    **Risk Management**

City Court of Houma, Louisiana is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the District has purchased commercial or other insurance for the losses to which it is exposed.

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
Notes to Financial Statements  
For the Year Ended December 31, 2014

**Note 7      Cooperative Endeavor Agreements – Building Fund**

Beginning April 9, 2001 a cooperative endeavor was entered into pursuant to a resolution of the Terrebonne Parish Council to provide for the receipt, accounting and management of fees collected under LRS Title 13, Section 1910 (known as Act 901 fees) that provides for a City Court Building Fund to be “dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing city courts and for the maintenance and payment of any bond indebtedness on any such existing facilities”

The fee of not to exceed \$20 is assessed on all civil and criminal cases filed in the jurisdiction of the Houma City Court. The City Court of Houma collects these fees and remits the fees monthly to the Terrebonne Parish Consolidated Government to account for these fees as prescribed. The amount collected and remitted for the current year is \$172,099.

***REQUIRED SUPPLEMENTAL INFORMATION  
SECTION***

**CITY COURT OF HOUMA**  
**TERREBONNE PARISH, LOUISIANA**  
*Budget Comparison Schedule - General Fund*  
*For the Year Ended December 31, 2014*

	Budget			
	Original		Amended	
<b>REVENUES</b>				
Charges for services:				
Criminal costs & fees	\$ 372,240	\$ 339,451	\$ 339,276	\$ (175)
Juvenile costs & fees	116,560	96,663	93,546	(3,117)
Civil fees	328,490	320,510	323,729	3,219
Building Fund fees	170,040	172,099	172,099	-
Intergovernmental revenue	42,624	43,628	43,628	-
Miscellaneous:				
Interest & Investment income	4,530	1,331	7,394	6,063
Other	3,090	3,604	-	(3,604)
Total revenues	<u>1,037,574</u>	<u>977,286</u>	<u>979,672</u>	<u>2,386</u>
<b>EXPENDITURES</b>				
Current:				
Reimbursement to Terrebonne				
Parish Consolidated Government	381,520	367,948	367,948	-
Transfer to Parish for Building Fund	170,040	172,099	172,099	-
Salaries and employee benefits	88,620	100,526	100,526	-
Office supplies	37,200	32,309	33,575	(1,266)
Postage	14,700	17,200	17,200	-
Law books, dues and publications	16,330	18,533	18,533	-
Professional services	58,950	51,378	54,827	(3,449)
Travel & Seminars	33,310	30,931	30,931	-
Telecommunications	9,660	17,492	17,492	-
Computer services	40,970	50,117	48,917	1,200
Uniform and clothing allowance	3,360	2,546	2,546	-
Insurance	3,000	2,943	2,943	-
Equipment repairs and maintenance	10,270	11,192	11,192	-
Miscellaneous	26,270	17,762	15,512	2,250
Total current expenditures	<u>894,200</u>	<u>892,976</u>	<u>894,241</u>	<u>(1,265)</u>
Capital outlay	129,429	125,481	124,215	1,266
Total expenditures	<u>1,023,629</u>	<u>1,018,457</u>	<u>1,018,456</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	13,945	(41,171)	(38,784)	2,387
<b>FUND BALANCES</b>				
Beginning of year	468,525	468,400	517,446	49,046
End of year	<u>\$ 482,470</u>	<u>\$ 427,229</u>	<u>\$ 478,662</u>	<u>\$ 51,433</u>

See notes to financial statements.

## ***OTHER INFORMATION SECTION***

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**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA**

*Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended December 31, 2014*

Agency Head Name: Honorable Judge Jude Fanguy

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 62,593
Benefits -Retirement	22,175
Travel	1,079
Registration fees	375
	\$ 86,222

## ***REPORTS REQUIRED BY GAO***

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# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S 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

Honorable Matthew H. Hagen, Judge  
City Court of Houma  
Terrebonne Parish, 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 and each major fund of the City Court of Houma, Louisiana, a component unit of Terrebonne Parish Consolidated Government as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated March 23, 2015.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

*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 misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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.

Honorable Matthew H. Hagen, Judge  
City Court of Houma  
Terrebonne Parish, Louisiana  
Page 2

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### ***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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Stagni & Company*

March 23, 2015  
Thibodaux, Louisiana



**CITY COURT OF HOUMA  
TERREBONNE PARISH, LOUISIANA  
SCHEDULE OF CURRENT YEAR FINDINGS  
For the Year Ended December 31, 2014**

***Section I - Summary of Auditor's Reports***

- The auditor's report expresses an unqualified opinion on the basic financial statements.
- No deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
- No instances of noncompliance or other matters under *Government Auditing Standards* were disclosed during the audit of the financial statements.
- No instances of noncompliance under the provisions of Louisiana Governmental Audit Guide were disclosed during the audit of the basic financial statements.
- The Court neither received nor expended any federal awards during the year.
- There was no management letter issued in connection with this audit.

***Section II - Financial Statement Findings***

- There were no financial statement findings during the audit of the basic financial statements.

***Section III - Federal Award Findings and Questioned Costs***

- There were no federal awards received during the fiscal year.

