

CITY COURT OF RAYNE, LOUISIANA

Financial Report

Year Ended September 30, 2013

CITY COURT OF RAYNE, LOUISIANA

CONTENTS

	Exhibit	Page
Independent Auditor's Report	-	1 - 2
Basic Financial Statements		
Statement of Net Position	A	4
Statement of Activities	B	5
Fund Financial Statements		
Governmental Fund Balance Sheet	C	7
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position		8
Statement of Revenues, Expenses and Changes in Fund Balance	D	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Change in Net Position for the Statement of Activities	-	10
Statement of Fiduciary Net Position	E	11
Notes to Financial Statements		12-18
Required Supplemental Information		
Budgetary Comparison Schedule		20
Other Supplemental Information		
Schedule of Expenditures		22
Compliance, Internal Control, and Other Information		
Independent Auditors Report on Compliance and on Internal Control over Financial Reporting based on an audit of Financial Statements performed in accordance with <i>Governmental Auditing Standards</i>		24-25
Schedule of Findings		26-27
Corrective Action Plan		28
Summary Schedule of Prior Audit Findings		29

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

INDEPENDENT AUDITOR'S REPORT

The Honorable James M. Cunningham, III
City Judge
City Court of Rayne
Rayne, 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 Rayne, Louisiana, a component unit of City of Rayne, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Court'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 misstatements, 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 from 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 the risks 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 City Court of Rayne, as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in United States of America require that the budgetary comparison information on page 20 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Rayne's basic financial statements. The schedule of expenditures is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures is 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 expenditures is 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 our report dated March 12, 2014 on our consideration of the City Court of Rayne, Louisiana'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 Court's internal control over financial reporting and compliance.



Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
March 13, 2014

Basic Financial Statements

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF NET POSITION

September 30, 2013

	General Fund	TOTALS	
		2013	(Memo Only) 2012
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 137,277	\$ 137,277	\$ 185,829
Receivables	16,948	16,948	19,685
Total Current Assets	<u>\$ 154,225</u>	<u>\$ 154,225</u>	<u>\$ 205,514</u>
Noncurrent Assets			
Capital assets (net)	\$ 21,294	\$ 21,294	\$ -
Total Assets	<u>\$ 175,519</u>	<u>\$ 175,519</u>	<u>\$ 205,514</u>
LIABILITIES			
Liabilities			
Accounts payable	\$ 17,440	\$ 17,440	\$ 30,717
Total Liabilities	<u>\$ 17,440</u>	<u>\$ 17,440</u>	<u>\$ 30,717</u>
NET POSITION			
Net investment in capital assets	\$ 21,294	\$ 21,294	\$ -
Unrestricted	136,785	136,785	174,797
Total Net Position	<u>\$ 158,079</u>	<u>\$ 136,785</u>	<u>\$ 174,797</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF ACTIVITIES

September 30, 2013

	General Fund	TOTALS	
		2013	(Memo Only) 2012
<u>GOVERNMENTAL ACTIVITIES:</u>			
EXPENSES			
Judiciary:			
Travel and professional development	\$ 19,766	\$ 19,766	\$ 18,348
Operating services	414,184	414,184	287,234
Office expense	10,423	10,423	3,963
Depreciation	404	404	-
Total Expenses	<u>\$ 444,777</u>	<u>\$ 444,777</u>	<u>\$ 309,545</u>
PROGRAM REVENUES			
Costs assessed for court	\$ 426,576	\$ 426,576	\$ 349,693
Total Program Revenues	<u>\$ 426,576</u>	<u>\$ 426,576</u>	<u>\$ 349,693</u>
Change in Net Position	\$ (18,201)	\$ (18,201)	\$ 40,148
Prior Period Adjustment	\$ 1,483	\$ 1,483	\$ -
Net Position - Beginning of the Year	<u>174,797</u>	<u>174,797</u>	<u>134,649</u>
Net Position - End of Year	<u>\$ 158,079</u>	<u>\$ 158,079</u>	<u>\$ 174,797</u>

The accompanying notes are an integral part of this statement.

Fund Financial Statements

CITY COURT OF RAYNE, LOUISIANA

GOVERNMENTAL FUND BALANCE SHEET

September 30, 2013

	General Fund	TOTALS	
		2013	(Memo Only) 2012
ASSETS			
Cash and cash equivalents	\$ 137,277	\$ 137,277	\$ 185,829
Receivables	16,948	16,948	19,685
Total Assets	<u>\$ 154,225</u>	<u>\$ 154,225</u>	<u>\$ 205,514</u>
LIABILITIES			
Accounts payable	\$ 17,440	\$ 17,440	\$ 30,717
Total Liabilities	<u>\$ 17,440</u>	<u>\$ 17,440</u>	<u>\$ 30,717</u>
FUND BALANCE			
Unassigned	\$ 136,785	\$ 136,785	\$ 174,797
Total Liabilities and Fund Balances	<u>\$ 154,225</u>	<u>\$ 154,225</u>	<u>\$ 205,514</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2013

Fund Balances - Total Governmental Funds		\$	135,302
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore reported in the funds.			
Building Improvements, net of \$112 accumulated depreciation	17,852		
Equipment, net of \$292 accumulated depreciation	3,442		
	<u>21,294</u>		21,294
Prior period adjustment			<u>1,483</u>
Net Position of Governmental Activities		\$	<u>158,079</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND BALANCE
 September 30, 2013

	General Fund	
	2013	(Memo Only) 2012
Revenues:		
Criminal Fees	\$ 350,590	\$ 283,837
Civil Court Fees	69,347	65,810
Miscellaneous	6,639	46
Total Revenues	<u>\$ 426,576</u>	<u>\$ 349,693</u>
Expenditures:		
General Government		
Judicial	\$ 444,373	\$ 309,545
Capital Outlay	21,698	-
Total Expenditures	<u>\$ 466,071</u>	<u>\$ 309,545</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (39,495)	\$ 40,148
Fund Balance, Beginning of Year	<u>174,797</u>	<u>134,649</u>
Fund Balance, End of Year	<u><u>\$ 135,302</u></u>	<u><u>\$ 174,797</u></u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO CHANGE IN NET POSITION FOR THE STATEMENT OF ACTIVITIES

SEPTEMBER 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (39,495)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance	21,698
Depreciation expense for the year then ended	<u>(404)</u>
Change in Net Position of Governmental Activities	<u>\$ (18,201)</u>

The accompanying notes are an integral part of this statement.

CITY COURT OF RAYNE, LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION

September 30, 2013

	Agency Fund	TOTALS	
		2013	(Memo Only) 2012
ASSETS			
Cash and cash equivalents	\$ 95,934	\$ 95,934	\$ 104,485
Total Assets	<u>\$ 95,934</u>	<u>\$ 95,934</u>	<u>\$ 104,485</u>
LIABILITIES			
Accounts payable	\$ 29,595	\$ 29,595	\$ 33,222
Checks written in excess of cash balances	11,133	11,133	12,296
Held for others pending court action	55,206	55,206	58,967
Total Liabilities	<u>\$ 95,934</u>	<u>\$ 95,934</u>	<u>\$ 104,485</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the City Court of Rayne, Louisiana 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. Such accounting and reporting procedures also conform to the guidance set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

Financial Reporting Entity:

The City Court Judge is an independently elected official and is a part of the operations of the City Court system. The City Court of Rayne is fiscally dependent on the City of Rayne for office space and courtrooms. The City of Rayne also has approval authority over the City Court's capital budget. For these reasons, the City Court of Rayne is a component unit of the City of Rayne.

Fund Accounting:

The accounting system of the City Court of Rayne is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on certain activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The funds maintained by the Court consist of the following major categories:

Governmental Funds

Governmental Funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies and the general operating expenses of the court.

General Fund—The general fund derives its revenues from charges made through the criminal court system and the civil court system, and expends these funds for certain operations of the court.

Fiduciary Funds

Fiduciary Funds—Fiduciary funds are used to account for assets held by the Court as an agent for other governments, individuals, or funds. The court maintains two agency funds:

Trust Fund—The Trust Fund collects on judgements, traffic fines and receives traffic bonds pending final settlement. The Trust Fund makes payments in settlements of suits, and the traffic bonds are either refunded, or paid out as fines and court costs. The court costs are paid to the General Fund and the fine portion is paid to another government agency on traffic fines and forfeited traffic bonds.

Marshall's Trust Fund—This agency fund accounts for the collection of worthless checks and fines and court costs on State charges. Payments are made to other governmental agencies and for restitution on the worthless checks.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

Basis of Accounting:

The modified accrual basis of accounting is utilized for the General Fund whereby revenues are recognized when they become available and measurable and expenditures when they are incurred. 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 City 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.

Vacation and Sick Leave:

The City Court of Rayne has no vacation or sick leave policies as of September 30, 2013. City Court employees are paid by the City of Rayne, therefore all payroll and related liabilities are accounted for on the city's books.

Equity Classifications:

In the government-wide statements, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net assets – Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. 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.

The spendable portion of the fund balance comprises the remaining for classifications: restricted, committed, assigned, and unassigned.

1. 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.
2. Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Judge – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Judge removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that

CITY COURT OF RAYNE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

3. 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. The City Court of Rayne and the Judge have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.
4. 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.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Court considers restricted funds to have been used first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Court considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Court has provided otherwise in its commitment or assignment actions.

Fund balances for the periods ending September 30, 2012 and September 30, 2013 are as follows:

	For year ended September 30, 2012		For year ended September 30, 2013	
	General Fund	Total	General Fund	Total
Unassigned	174,797	174,797	Unassigned	136,785
Total Fund	<u>174,797</u>	<u>174,797</u>	Total Fund Balances	<u>136,785</u>
Balances	<u>\$ 174,797</u>	<u>\$ 174,797</u>		<u>\$ 136,785</u>

Net Position - Government-Wide Statements:

In June 2011, the GASB issued Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows or resources, liabilities and deferred inflows of resources. The Court adopted GASB Statement 63 in 2013.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Court reports three categories of net position as follows:

1. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows or resources attributable to the acquisition, constructions, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
2. Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

of the Court's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

3. Unrestricted net position – consist of all other net position that does not meet the definition of the above two components and is available for general use by the Court.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies restricted resources first, then unrestricted resources as they are needed.

Note 2. Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the court as a whole. These statements include all the financial activities of the court. Information contained in these columns reflect 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).

Note 3. Budgets

The City Court is legally required to prepare a budget. The budget is prepared and adopted prior to the beginning of each fiscal year and amended prior to year end.

Note 4. Cash and Cash Equivalents

Cash consists of funds in non-interest bearing checking accounts and interest bearing passbook accounts. The City Court of Rayne has no cash equivalents such as time deposits and money market accounts.

Note 5. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from these estimates.

Note 6. Deposits with Financial Institutions

The City Court of Rayne's bank balances of deposits with financial institutions amounted to \$259,187 at September 30, 2013 and are fully insured.

Note 7. Capital Assets

Capital assets, which include furniture, fixtures, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The City Court maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

CITY COURT OF RAYNE, LOUISIANA

**NOTES TO FINANCIAL STATEMENTS
September 30, 2013**

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office furniture	5-10
Equipment	5-10

In the fund financial statements, capital assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

The City of Rayne maintains and owns the majority of the capital assets utilized by The City Court.

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

	<u>2013</u>			<u>Balance 9/30/2013</u>
	<u>Balance 9/30/2012</u>	<u>Additions</u>	<u>Retirements</u>	
Governmental activities:				
Capital assets being depreciated				
Building Improvements	\$ -	\$ 17,964	\$ -	\$ 17,964
Equipment	6,145	3,734	(6,145)	3,734
Total capital assets being depreciated	<u>\$ 6,145</u>	<u>\$ 21,698</u>	<u>\$ (6,145)</u>	<u>\$ 21,698</u>
Less accumulated depreciation for:				
Building Improvements	\$ -	\$ 112	\$ -	\$ 112
Equipment	6,145	292	(6,145)	292
Total accumulated depreciation	<u>\$ 6,145</u>	<u>\$ 404</u>	<u>\$ (6,145)</u>	<u>\$ 404</u>
Total capital assets	<u><u>\$ -</u></u>	<u><u>\$ 21,294</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21,294</u></u>

Depreciation expense for the year ended September 30, 2013 was charged as follows:

Governmental Activities:	
General government	<u>\$404</u>

Note 8. Expenses of City Court of Rayne Not Included in This Report

The City Court's administrative office is located in a building owned by the City of Rayne. The City of Rayne made on-behalf payments for the Court for salaries and fringe benefits and they are recorded as expenditures in the General Fund. The costs of maintaining and operating the building, as required by statute are paid by the City government and are not included in the accompanying financial statements.

Note 9. Related Party Transactions

At September 30, 2013, there are no related party transactions or related amounts receivable or payable.

CITY COURT OF RAYNE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2013

Note 10. Litigation

The City Court of Rayne has no threatened or pending litigation against it at September 30, 2013.

Note 11. Prior Period Adjustment

Prior period adjustment consists of petty cash and a receivable booked in the current year by the Court but not included in the prior year audit.

Note 11. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 13, 2014, the date which the financial statements were available to be issued.

Required Supplemental Information

CITY COURT OF RAYNE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
Year Ended September 30, 2013

With Comparative Actual Amounts for Year Ended September 30, 2012

	2013			Variance-- Positive (Negative)	2012
	Budget		Actual		Actual
	Original	Final			
Revenues:					
Criminal fees	\$ 207,967	\$ 361,905	\$ 350,590	\$ (11,315)	\$ 283,837
Civil court fees	58,824	72,689	69,347	(3,342)	65,810
Miscellaneous	-	8,852	6,639	(2,213)	46
Total Revenues	\$ 266,791	\$ 443,446	\$ 426,576	\$ (16,870)	\$ 349,693
Expenditures:					
General government--judicial					
Indigent defender	\$ 42,272	\$ 79,499	\$ 75,930	\$ 3,569	\$ 59,231
Crime lab	10,395	10,621	9,906	715	11,400
Reparation fund	3,564	733	1,150	(417)	3,294
Witness fund	6,844	10,078	9,268	810	9,187
District Attorney	4,476	4,120	4,055	65	5,041
Law enforcement commission	4,474	5,070	4,739	331	4,982
City of Rayne LACE tickets	22,200	101,384	98,796	2,588	59,394
DWI fees	9,167	3,331	2,655	676	7,375
Retirement	3,099	16,820	18,316	(1,496)	3,338
Marshall services	45,472	79,837	63,447	16,390	65,198
Other fees	6,036	8,731	8,398	333	7,563
Compensation	12,956	69,133	54,080	15,053	11,947
Clerk fees	8,800	20,197	19,904	293	9,741
Building and maintenance	6,042	31,199	7,819	23,380	-
Convention and meetings	18,348	20,370	19,766	604	18,348
Recording fees	11,544	15,144	13,776	1,368	12,460
Dues and subscriptions	2,500	2,266	1,825	441	2,295
Office expense	3,709	7,786	10,423	(2,637)	3,963
Refunds	4,923	18,512	18,250	262	12,222
Miscellaneous	2,557	1,900	1,870	30	2,566
Capital Outlay	-	-	21,698	(21,698)	-
Total Expenditures	\$ 229,378	\$ 506,731	\$ 466,071	\$ 40,660	\$ 309,545
Excess Revenues over Expenditures	\$ 37,413	\$ (63,285)	\$ (39,495)	\$ 23,790	\$ 40,148
Fund Balance, Beginning of Year	\$ 143,704	\$ 172,062	\$ 174,797	\$ 137,384	\$ 134,649
Fund Balance, End of Year	\$ 181,117	\$ 108,777	\$ 135,302	\$ 161,174	\$ 174,797

The accompanying notes are an integral part of this statement.

Other Supplemental Information

CITY COURT OF RAYNE, LOUISIANA

SCHEDULE OF EXPENDITURES - GENERAL FUND

September 30, 2013

With Comparative Amounts for Year Ended September 30, 2012

	General Fund	
	2013	(Memo Only) 2012
Expenditures:		
General government--judicial		
Indigent defender	\$ 75,930	\$ 59,231
Crime lab	9,906	11,400
Reparation fund	1,150	3,294
Witness fund	9,268	9,187
District Attorney	4,055	5,041
Law enforcement commission	4,739	4,982
City of Rayne LACE tickets	98,796	59,394
DWI fees	2,655	7,375
Retirement	18,316	3,338
Marshall services	63,447	65,198
Other fees	8,398	7,563
Compensation	54,080	11,947
Clerk fees	19,904	9,741
Convention and meetings	19,766	18,348
Recording fees	13,776	12,460
Dues and subscriptions	1,825	2,295
Office expense	10,423	3,963
Refunds	18,250	12,222
Miscellaneous	9,689	2,566
Total General Government	<u>444,373</u>	<u>309,545</u>
Capital Outlay	<u>\$ 21,698</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 466,071</u>	<u>\$ 309,545</u>

The accompanying notes are an integral part of this statement.

**Compliance, Internal Control
and Other Information**

THIBODEAUX ACCOUNTING COMPANY

A LIMITED LIABILITY COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 34 • 801 THE BOULEVARD, SUITE B • RAYNE, LOUISIANA 70578 • (337) 334-7251 FAX (337) 334-7002

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*

The Honorable James M. Cunningham, III
City Judge
City Court of Rayne
Rayne, 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 the City Court of Rayne, Louisiana as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City Court of Rayne Louisiana's basic financial statements and have issued our report thereon dated March 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City Court of Rayne Louisiana'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 the City Court of Rayne Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court of Rayne Louisiana's 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 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and corrective action plan at 2013-1 and 2013-2 that we consider to be significant deficiencies.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Rayne, Louisiana's financial statements are free of 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*.

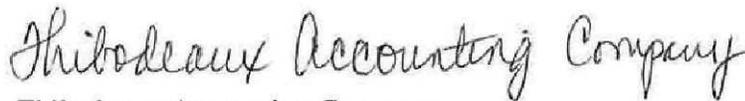
City Court of Rayne Louisiana's Response to Findings

The City Court of Rayne Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and corrective action plan. The City Court of Rayne Louisiana's response was not subjected 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 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.

This report is intended solely for the information and use of management, others in the organization and the Office of the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Therefore, its distribution is not limited.



Thibodeaux Accounting Company
A Limited Liability Company

Rayne, Louisiana
March 13, 2014

CITY COURT OF RAYNE, LOUISIANA

Schedule of Findings
Year Ended September 30, 2013

PART I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the City Court of Rayne, Louisiana's basic financial statements as of and for the year ended September 30, 2013.

Internal Control - Financial Reporting

There were two significant deficiencies in internal control on financial reporting that were disclosed by the audit of the financial statement.

Material Noncompliance – Financial Reporting

The results of our tests did not disclose any instances of noncompliance required to be reported under *Government Auditing Standards*.

PART II. FINDING RELATING TO AN AUDIT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2013-1 Finding: Financial Statements Not in Accordance With GAAP

The City Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Criteria:

The reporting entity should be able to prepare financial statements in accordance with GAAP without any outside assistance.

Cause of Condition:

The City Court does not have the funds to hire someone or to outsource this function.

Effect of Condition:

The financial statements may not be prepared in accordance with GAAP.

Recommendation:

We recommend that the City Court outsource this task to ensure the recording of the courts financial transactions in accordance with GAAP.

CITY COURT OF RAYNE, LOUISIANA

Schedule of Findings (Continued)
Year Ended September 30, 2013

2013-2 Finding: Savings Account Not Reconciled Timely

Rayne City Court did not reconcile and post transactions to the Savings Account in a timely manner.

Criteria:

Bank Accounts should be reconciled monthly and transactions should be posed as incurred.

Cause of Condition:

The Savings Account is not utilized often by the Court and bank statements are received quarterly.

Effect of Condition:

There is a chance not all transactions will be recorded or accounted for.

Recommendation:

Rayne City Court should post transactions as they occur and reconcile the Savings Account timely.

CITY COURT OF RAYNE, LOUISIANA

Corrective Action Plan
Year Ended September 30, 2013

Response to Findings:

2013-1 City Court has evaluated the cost vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the court to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Judge James M. Cunningham, III is the responsible party. There is no estimated date of completion.

2013-2 City Court will post transactions to the Savings Account as they are incurred and will reconcile the account timely.

Judge James M. Cunningham, III is the responsible party. The estimated date of completion is September 30, 2014.

CITY COURT OF RAYNE, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended September 30, 2013

2012-1 The City Court does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing the financial statements.

Recommendation: We recommend that the City Court outsource this task to ensure the recording of the court's financial transactions in accordance with GAAP.

Status: Unresolved

2012-2 City Court did not properly amend their budget and exceeded budgeted expenses or uses by more than 5% in the General Fund.

Recommendation: City Court should comply with Louisiana Revised Statute 39:1309 and amend its budget upon a change in operations or conditions.

Status: Resolved

2012-3 City Court does not reconcile the Fines Account in a timely manner.

Recommendation: Rayne City Court should prepare its own reconciliations of bank accounts monthly to ensure all transactions have been accounted for and recorded.

Status: Resolved

2012-4 Not all citations entered into City Court's system had the necessary ticket number and blotter number.

Recommendation: Internal controls should be put into place so that all information must be placed into the system before a case number is assigned.

Status: Resolved

2012-5 Rayne City Court did not sign and advertise their budget fifteen days before the beginning of the fiscal year.

Recommendation: Rayne City Court should have their budget signed and advertised at least fifteen days prior to the beginning of the fiscal year.

Status: Resolved