

CITY COURT OF MORGAN CITY

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2010

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INDEPENDENT AUDITOR'S REPORT

The Honorable Kim P. Stansbury, Judge
City Court of Morgan City
Morgan City, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Morgan City (hereinafter "Court"), a component unit of the City of Morgan City, Louisiana, as of and for the year ended December 31, 2010, which collectively comprise the Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Court as of December 31, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2011, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 24 and 25 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The other supplementary information on pages 29 and 30 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The Court has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 7, 2011

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Statement of Net Assets
December 31, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 243,852
Prepaid Expenses	1,795
Capital assets, net	<u>16,462</u>
Total assets	<u>262,109</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,867
Payroll taxes payable	2,672
Due to other governments	<u>88,670</u>
Total liabilities	<u>94,209</u>
NET ASSETS	
Invested in capital assets	16,462
Unrestricted	<u>151,438</u>
Total net assets	<u>\$ 167,900</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Statement of Activities
Year Ended December 31, 2010

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 453,439</u>	<u>\$ 132,376</u>	<u>\$ 332,481</u>	\$ 11,418
		General revenues:		
				466
				<u>(9,334)</u>
				<u>(8,868)</u>
				2,550
				<u>165,350</u>
				<u>\$ 167,900</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUND

Juvenile Services Center

To account for the receipt and use of grant revenue intended for the operation and maintenance of the Juvenile Services Center.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Balance Sheet
Governmental Funds
December 31, 2010

	General	Juvenile Services Center	Total Governmental Funds
ASSETS			
Assets:			
Cash	\$ 142,414	\$ 101,438	\$ 243,852
Prepaid expenses	1,795	-	1,795
Total assets	\$ 144,209	\$ 101,438	\$ 245,647
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 2,867	\$ -	\$ 2,867
Payroll taxes payable	2,672	-	2,672
Due to other governments	88,670	-	88,670
Total liabilities	94,209	-	94,209
Fund balance:			
Unreserved - undesignated	50,000	101,438	151,438
Total liabilities and fund balance	\$ 144,209	\$ 101,438	\$ 245,647

(continued)

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Balance Sheet (continued)
Governmental Funds
December 31, 2010

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets:

Total fund balance for all governmental funds at December 31, 2010		\$ 151,438
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consists of furniture, fixtures, and equipment.	\$ 143,939	
Less: Accumulated depreciation	<u>(127,477)</u>	<u>16,462</u>
Total net assets of governmental activities at December 31, 2010		<u>\$ 167,900</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General	Juvenile Services Center	Total Governmental Funds
Revenues:			
Fees, charges and commissions -			
Court costs, fees, and fines	\$ 100,814	\$ 31,562	\$ 132,376
Intergovernmental	332,481	-	332,481
Interest income	466	-	466
Total revenues	433,761	31,562	465,323
Expenditures:			
Current-			
General government-			
Operating services	391,101	18,076	409,177
Materials and supplies	13,328	6,170	19,498
Travel and other charges	13,812	3,692	17,504
Capital outlay	6,186	-	6,186
Total expenditures	424,427	27,938	452,365
Excess of revenues over expenditures	9,334	3,624	12,958
Other Financing Sources (Uses):			
Transfer to the City of Morgan City	(9,334)	-	(9,334)
Net change in fund balance	-	3,624	3,624
Fund balance, beginning	50,000	97,814	147,814
Fund balance, ending	\$ 50,000	\$ 101,438	\$ 151,438

(continued)

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended December 31, 2010

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Funds to the Statement of Activities:

Total net change in fund balance for the year ended December 31, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 3,624
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 Balances	\$ 6,186	
Depreciation expense for the year ended December 31, 2010	<u>(7,260)</u>	<u>(1,074)</u>
Total change in net assets for the year ended December 31, 2010 per Statement of Activities		<u>\$ 2,550</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Statement of Fiduciary Net Assets
December 31, 2010

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 240,520</u>
LIABILITIES	
Due to others	<u>\$ 240,520</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

As provided by LSA-RS 13:1871 et seq, the City Court of Morgan City (Court) accounts for the operation of the Court's office. The City Court Judge is elected for a six-year term.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

As the governing authority of the City, for reporting purposes, the City of Morgan City is the financial reporting entity. The financial reporting entity consists of the primary government (City), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Morgan City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

- 1) Appointing a voting majority of an organization's governing body, and
 - a) The ability of the City to impose its will on that organization and/or
 - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
- 2) Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City provides the Court with office space and pays the salaries and benefits of Court employees, the Court was determined to be a component unit of the City of Morgan City, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by the City, or other governmental units that comprise the financial reporting entity.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

B. Basis of Presentation

The accompanying basic financial statements of the Court 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. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Government-Wide Financial Statements

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

The statement of activities presents a comparison between direct expenses and program revenues for the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by the Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund and Juvenile Services Center Special Revenue Fund of the Court are considered to be major funds. The funds of the Court are described below:

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Governmental Funds –

General Fund – This fund is the primary operating fund of the Court and it accounts for the operations of the Court’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court’s policy.

Juvenile Services Center Fund – This fund is used to account for the receipt and use of grant revenue intended for operation and maintenance of the Juvenile Service Center.

Fiduciary Funds –

Fiduciary fund reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting. The agency funds are as follows:

Fines and Costs Fund – accounts for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Civil Court Fund – accounts for advance deposits in civil suits and the receipt and disbursement of civil docket fees, small claims fees, and garnishments.

Bond Fund – accounts for the collection of bonds and for the receipt and disbursement of fines and costs in criminal proceedings.

Concursus Fund – accounts for the bond forfeitures that have been paid under protest by insurance companies, pending further investigation.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

- a. Governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The types of transactions reported as program revenues for the Court are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Court.

The Court has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, the 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 MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). 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 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office Furniture	5 years
Equipment	5 years
Improvements	10-20 years

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Restricted net assets

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

E. Revenues, Expenditures, and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character.

F. Budgetary and Budgetary Accounting

The Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$500,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Court.

G. 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 and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2010, the Court has cash and cash equivalents (book balances) totaling \$484,372 as follows:

	Governmental Fund Type	Fiduciary Fund Type	Total
Demand deposits	\$ 243,852	\$ 240,520	\$ 484,372

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

CITY COURT OF MORGAN CITY
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Notes to Basic Financial Statements (continued)

At December 31, 2010, bank balances totaled \$492,812. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Court's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The Court does not have a policy to monitor or attempt to reduce exposure to custodial credit risk, however, at December 31, 2010, the Court's total bank balances were fully insured and not exposed to custodial credit risk.

(3) Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2010</u>
Governmental activities:				
Furniture, fixtures, and equipment	\$ 144,748	\$ 6,186	\$ 6,995	\$ 143,939
Less: accumulated depreciation	<u>127,212</u>	<u>7,260</u>	<u>6,995</u>	<u>127,477</u>
Net capital assets	<u>\$ 17,536</u>	<u>\$ (1,074)</u>	<u>\$ -</u>	<u>\$ 16,462</u>

Depreciation expense of \$7,260 was charged to the general government function.

(4) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	<u>Fines and</u> <u>Costs</u> <u>Fund</u>	<u>Civil</u> <u>Court</u> <u>Fund</u>	<u>Bond</u> <u>Fund</u>	<u>Concursus</u> <u>Fund</u>	<u>Total</u>
Balance, January 1, 2010	\$ 14,133	\$181,340	\$ 61,270	\$ 5,474	\$ 262,217
Additions	416,611	100,906	446,691	-	964,208
Reductions	<u>(405,491)</u>	<u>(107,258)</u>	<u>(473,156)</u>	<u>-</u>	<u>(985,905)</u>
Balance, December 31, 2010	<u>\$ 25,253</u>	<u>\$174,988</u>	<u>\$ 34,805</u>	<u>\$ 5,474</u>	<u>\$ 240,520</u>

(5) Intergovernmental Transfers – City of Morgan City

Louisiana Revised Statutes 13:2005.B requires funds accumulated in the General Fund in excess of \$50,000 to be transferred to the General Fund of the City of Morgan City and shall be used for the purposes of construction and maintenance of the Court and related facilities. The General Fund realized an excess of revenues over expenditures for the year ended December 31, 2010 in the amount of \$9,334. As a result the accumulated balances in the General Fund exceeded the statutory limit by \$9,334. Accordingly, the amount due to the City of Morgan City for accumulated excesses is included as a component of Due to Other Governments.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

(6) On-Behalf Payments for Salaries and Benefits

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the Court to report on-behalf payments made by the City of Morgan City to the Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Morgan City and not by the Court. For 2010, the City paid salaries and benefits, which include payments to the Parochial Employees' Retirement System and Louisiana State Employees' Retirement System (LASERS), to and for the Court Clerk, City Judge, Deputy Clerks, and Probation Officers. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for 2010 totaled \$332,481.

(7) Retirement

Louisiana State Employees' System (LASERS)

Plan Description

The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana, 70804, or by calling (225) 925-6484.

Funding Policy

Plan members are required to contribute 11.5% of their annual covered salary and the Court is required to contribute at an actuarially determined rate. The current rate is 18.5% for January through June and 18.6% for July through December. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement System's Actuarial Committee. The Court's employer contribution for the LASERS is funded by the State of Louisiana through annual appropriations and by remittances from the Court.

Contributions by plan members and the Court to the LASERS for the years ending December 31, 2010, 2009, and 2008 were \$11,139, \$9,413, and \$9,979 respectively, equal to the required contributions for each year.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	(Non-GAAP Basis)	Positive (Negative)
Revenues:				
Fees, charges and commissions -				
Court costs, fees, and fines	\$106,550	\$106,550	\$ 117,319	\$ 10,769
Interest income	<u>352</u>	<u>352</u>	<u>466</u>	<u>114</u>
Total revenues	<u>106,902</u>	<u>106,902</u>	<u>117,785</u>	<u>10,883</u>
Expenditures:				
Current-				
General government-				
Operating services	56,720	56,720	58,620	(1,900)
Materials and supplies	23,156	23,156	13,328	9,828
Travel and other charges	8,575	8,575	13,812	(5,237)
Capital Outlay	<u>15,450</u>	<u>15,450</u>	<u>6,186</u>	<u>9,264</u>
Total expenditures	<u>103,901</u>	<u>103,901</u>	<u>91,946</u>	<u>11,955</u>
Excess of revenues over expenditures	3,001	3,001	25,839	22,838
Other Financing Sources (Uses):				
Transfer to the City of Morgan City	<u>-</u>	<u>-</u>	<u>(9,334)</u>	<u>(9,334)</u>
Net change in fund balances	3,001	3,001	16,505	13,504
Fund balance, beginning	<u>70,447</u>	<u>70,447</u>	<u>50,000</u>	<u>(20,447)</u>
Fund balance, ending	<u>\$ 73,448</u>	<u>\$ 73,448</u>	<u>\$ 66,505</u>	<u>\$ (6,943)</u>

See notes to budgetary comparison schedule.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court.

(2) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by the Court do not include on-behalf payments made by the City of Morgan City to the Court's employees for salaries and related benefits. These on-behalf payments are reflected as a revenue and an expenditure in the Court's financial statements as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Probation fees received by the Court are reported in the financial statements as Due to the City of Morgan City as reimbursement of salaries and related benefits. For budgetary purposes, probation fees are included as a component of fees, charges and commissions. Additionally, budget amounts do not include the residual transfer of accumulated excess to the City of Morgan City in accordance with Louisiana Revised Statute 13:2005.B.

Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	<u>As Reported</u>	<u>Adjustment to Budgetary Basis</u>	<u>Non-GAAP Basis</u>
Revenues:			
Fees, charges & commissions	\$ 100,814	\$ 16,505	\$ 117,319
Intergovernmental	<u>332,481</u>	<u>(332,481)</u>	<u>-</u>
Total	<u>\$ 433,295</u>	<u>\$ (315,976)</u>	<u>\$ 117,319</u>
Expenditures:			
General government			
Operating services	<u>\$ 391,101</u>	<u>\$ (332,481)</u>	<u>\$ 58,620</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

FIDUCIARY FUNDS

Agency Funds

Fines and Costs Fund -

To account for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Civil Court Fund -

To account for advance deposits in civil suits and the receipt and disbursement of civil docket fees, small claims fees, and garnishments.

Bond Fund -

To account for the collection of bonds, fines, and costs in criminal proceedings.

Concursus Fund -

To account for the bond forfeitures that have been paid under protest by insurance companies, pending further investigation.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana
Agency Funds

Combining Schedule of Assets and Liabilities
December 31, 2010

	<u>Fines and Costs</u>	<u>Civil Court</u>	<u>Bond</u>	<u>Concursus</u>	<u>Total</u>
ASSETS					
Cash	<u>\$ 25,253</u>	<u>\$ 174,988</u>	<u>\$ 34,805</u>	<u>\$ 5,474</u>	<u>\$ 240,520</u>
LIABILITIES					
Due to others	<u>\$ 25,253</u>	<u>\$ 174,988</u>	<u>\$ 34,805</u>	<u>\$ 5,474</u>	<u>\$ 240,520</u>

CITY COURT OF MORGAN CITY
Morgan City, Louisiana
Agency Funds

Combining Schedule of Changes in Assets and Liabilities
Year Ended December 31, 2010

ASSETS	Fines and Costs	Civil Court	Bond	Concursus	Total
Balances, beginning of year as previously reported	\$ 14,133	\$ 181,340	\$ 61,270	\$ 5,474	\$ 262,217
Additions:					
Deposits-					
Civil suits and garnishments	-	100,906	-	-	100,906
Fines and court costs	-	-	446,691	-	446,691
Transfers from bond fund	416,611	-	-	-	416,611
Total additions	<u>416,611</u>	<u>100,906</u>	<u>446,691</u>	<u>-</u>	<u>964,208</u>
Total	<u>430,744</u>	<u>282,246</u>	<u>507,961</u>	<u>5,474</u>	<u>1,226,425</u>
Reductions:					
Deposits settled to-					
Acadiana criminalistic lab	24,816	-	-	-	24,816
City Court of Morgan City					
Fines and Cost Fund	-	-	416,611	-	416,611
General Fund	82,961	2,918	200	-	86,079
Juvenile Services Center Fund	31,387	-	-	-	31,387
City of Morgan City	159,142	-	-	-	159,142
Indigent defender board	57,627	-	-	-	57,627
Judges support compensation fees	-	49,828	-	-	49,828
Judges supplemental compensation fund	-	14,190	-	-	14,190
Marshal's cost fund	34,580	10,827	-	-	45,407
Sheriff's fees	-	9,101	-	-	9,101
Supreme court	4,925	-	-	-	4,925
Other	10,053	13,570	-	-	23,623
Refunds	-	6,824	56,345	-	63,169
Total reductions	<u>405,491</u>	<u>107,258</u>	<u>473,156</u>	<u>-</u>	<u>985,905</u>
Balances, end of year	<u>\$ 25,253</u>	<u>\$ 174,988</u>	<u>\$ 34,805</u>	<u>\$ 5,474</u>	<u>\$ 240,520</u>
LIABILITIES					
Due to litigants and others, beginning of year	\$ 14,133	\$ 181,340	\$ 61,270	\$ 5,474	\$ 262,217
Additions	416,611	100,906	446,691	-	964,208
Reductions	<u>405,491</u>	<u>107,258</u>	<u>473,156</u>	<u>-</u>	<u>985,905</u>
Due to litigants and others, end of year	<u>\$ 25,253</u>	<u>\$ 174,988</u>	<u>\$ 34,805</u>	<u>\$ 5,474</u>	<u>\$ 240,520</u>

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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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*

To the Honorable Kim P. Stansbury, Judge
City Court of Morgan City
Morgan City, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Morgan City ("Court"), a component unit of the City of Morgan City, as of and for the year ended December 31, 2010, which collectively comprise the Court's basic financial statements, and have issued our report thereon dated June 7, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of audit results and findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Court's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of audit results and findings as item 2010-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit results and findings as item 2010-2.

The Court's responses to the findings identified in our audit are described in the accompanying corrective action plan for current year findings. We did not audit the Court's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Court's management and others within the organization, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
June 7, 2011

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Schedule of Audit Results and Findings
Year Ended December 31, 2010

Part I. Summary of Auditor's Results:

Unqualified opinions have been issued on the financial statements of the Court's governmental activities, each major fund (General Fund and Juvenile Services Center Special Revenue Fund), and the aggregate remaining fund information.

A significant deficiency in internal control was disclosed by the audit of the financial statements and the condition is considered a material weakness.

An instance of noncompliance required to be reported under *Government Auditing Standards* is reported in Part II of this schedule.

A management letter was not issued.

Part II. Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control

2010-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: *Internal control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Court's internal control over financial reporting includes those policies and procedures that pertain to the Court's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Schedule of Audit Results and Findings (continued)
Year Ended December 31, 2010

B. Compliance

2010-2 – Juvenile Services Center Budget

CONDITION: The Court failed to adopt a budget of operating revenues and expenditures for the Juvenile Services Center, a Special Revenue Fund.

CRITERIA: LSA-RS 39:1305, Budget Preparation, states, in part, “Each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year for the general fund and each special revenue fund.”

CAUSE: The condition results from a failure to comply with statutory budgetary provisions.

EFFECT: The Court may not prevent and/or detect compliance violations due to over expenditure of the appropriated budget, and/or errors or irregularities on a timely basis.

RECOMMENDATION: We recommend that the court prepare an operating revenue and expenditure budget for the Juvenile Services Center Special Revenue Fund as required by state statute.

Part III. Findings and questioned costs for federal awards reported in accordance with Office of Management and Budget Circular A-133:

Not applicable

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2010

A. Internal Control –

2009-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2010-1.

2009-2 - Application of GAAP (generally accepted accounting principles):

CONDITION: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: This condition has been resolved.

B. Compliance –

2009-3 – Juvenile Services Center Budget:

CONDITION: The Court failed to adopt a budget of operating revenues and expenditures for the Juvenile Services Center, a Special Revenue Fund.

RECOMMENDATION: We recommend that the court prepare an operating revenue and expenditure budget for the Juvenile Services Center Special Revenue Fund as required by state statute.

CURRENT STATUS: See schedule of audit results and findings item 2010-2.

C. OMB A-133 –

This section was not applicable.

CITY COURT OF MORGAN CITY
Morgan City, Louisiana

Corrective Action Plan for Current Year Findings
Year Ended December 31, 2010

2010-1 - Segregation of Duties:

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT'S RESPONSE: not applicable

2010-2 - Juvenile Services Center Budget

CONDITION: The Court failed to adopt a budget of operating revenues and expenditures for the Juvenile Services Center, a Special Revenue Fund.

MANAGEMENT'S RESPONSE: We will implement the necessary policies and procedures to ensure the completion of an operating budget for the Juvenile Services Center Fund in accordance with the Local Government Budget Act.