

**CITY COURT OF  
DENHAM SPRINGS - WARD II**

Audit of Financial Statements

June 30, 2020



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## Independent Auditor's Report

Judge Jerry L. Denton  
City Court of Denham Springs - Ward II  
Denham Springs, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward II (the City Court), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City 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 misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, the major fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward II as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 5 and the net pension liability and contributions by plan information on pages 45 and 46 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 (GASB), 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates 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 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 November 11, 2020 on our consideration of the City Court of Denham Springs - Ward II's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the City Court's 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 the City Court's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA  
November 11, 2020

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**

## CITY COURT OF DENHAM SPRINGS - WARD II

### Management's Discussion and Analysis

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Our discussion and analysis of the City Court of Denham Springs - Ward II's (the City Court) financial performance provides an overview of the City Court's financial activities for the year, which ended June 30, 2020. Please read it in conjunction with the City Court's financial statements, which begin on page 10.

#### FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the City Court exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$39,349, a decrease in net position of \$(45,175), or 53%. Unrestricted net position is a deficit of \$178,230, mostly due to the net pension liability.

The City Court's total program revenues were \$644,866 compared to \$730,591 in the prior year, a decrease of \$85,725, or 12%.

Total expenses for the City Court during the year ended June 30, 2020 were \$691,210 compared to \$716,738 in the prior year, a decrease of \$25,528, or 4%.

#### USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The statement of net position and the statement of activities (pages 10 and 11) provide information about the City Court's activities as a whole. The governmental fund balance sheet (page 13) details the assets and liabilities of the governmental fund, while the reconciliation of the governmental fund balance sheet to the statement of net position (page 14) shows why the amounts reported for governmental activities in the statement of net position are different. Pages 15 and 16 detail the revenues, expenditures, and changes in fund balance of the governmental fund, while the reconciliation (page 17) reconciles net changes in fund balance to changes in net position of the governmental activities. Page 18 reflects the differences in the final budget and actual amounts. Then, on pages 19 and 20, the fiduciary fund financial statements can be found, for which the City Court acts only as an agent or trustee for the benefit of agencies outside of the City Court. The notes to financial statements as a form of explanation follow on pages 21 through 43. The City Court Judge is an independent elected official. However, since the City Court is dependent on the City of Denham Springs to provide office space, a courtroom, and related utility costs, as well as a portion of its salaries and related employee benefit costs, the City Court is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the City Court.

**REPORTING THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

Our analysis of the funds maintained by the City Court as a whole begins on page 10. The statement of net position and the statement of activities report information about the funds maintained by the City Court as a whole and about its activities in a way which helps answer one of the most important questions asked about the City Court's finances, "Is the City Court, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when the cash was received or paid.

These two statements report the City Court's net position and the changes in it. This net position, the difference between the assets and deferred outflows and the liabilities and deferred inflows, is one way to measure the City Court's financial position or financial health and, over time, increases or decreases in the net position are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the City Court as governmental activities in the statement of net position and the statement of activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid, and benefits; office expenses; contract services; memberships and educational conferences; and grants. Fines and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council (the Parish Council) finance most of the activities of the City Court.

**REPORTING THE MOST SIGNIFICANT FUNDS MAINTAINED BY THE CITY COURT**

The analysis of the major fund maintained by the City Court begins on page 13 and provides detailed information about the revenues and expenditures of this most significant fund, the General Fund.

All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of these funds, and the balances left at year-end which are available for spending. These funds are reported using the modified accrual method, which measures cash and all other assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general operations and the expenses paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future City Court expenses.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Management's Discussion and Analysis

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#### THE CITY COURT AS A TRUSTEE

The City Court is a trustee for agency funds for its civil division, collection of restitution funds, and criminal division. Since these funds are simply held for other parties and cannot be used for any of the City Court activities, they are not included in the government-wide financial statements, but are separately reported in the financial statements of the fiduciary funds.

#### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. The City Court's total net position changed from a year ago, decreasing from \$84,524 to \$39,349. The comparative analysis is presented below.

The largest portion of the City Court's assets is in cash and cash equivalents. Because of this, the City Court is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

#### Condensed Statements of Net Position

|  | 2020             | 2019             | Dollar<br>Change   | Total Percent<br>Change |
|--|------------------|------------------|--------------------|-------------------------|
| Current Assets and Investments                   | \$ 227,751       | \$ 248,023       | \$ (20,272)        | -8.17%                  |
| Capital Assets (Net of Accumulated Depreciation) | 75,455           | 100,932          | (25,477)           | -25.24%                 |
| Net Pension Asset                                | 14,650           | -                | 14,650             | 0.00%                   |
| <b>Total Assets</b>                              | <b>317,856</b>   | <b>348,955</b>   | <b>(31,099)</b>    | <b>-8.91%</b>           |
| <b>Deferred Outflows - Related to Pensions</b>   | <b>62,439</b>    | <b>107,549</b>   | <b>(45,110)</b>    | <b>-41.94%</b>          |
| Current Liabilities                              | 26,068           | 29,698           | (3,630)            | -12.22%                 |
| Long-Term Liabilities                            | 276,793          | 312,084          | (35,291)           | -11.31%                 |
| <b>Total Liabilities</b>                         | <b>302,861</b>   | <b>341,782</b>   | <b>(38,921)</b>    | <b>-11.39%</b>          |
| <b>Deferred Inflows - Related to Pensions</b>    | <b>38,085</b>    | <b>30,198</b>    | <b>7,887</b>       | <b>26.12%</b>           |
| <b>Net Position</b>                              |                  |                  |                    |                         |
| Net Investment in Capital Assets                 | 75,455           | 100,932          | (25,477)           | -25.24%                 |
| Restricted Civil Fees                            | 142,124          | 94,148           | 47,976             | 50.96%                  |
| Unrestricted (Deficit)                           | (178,230)        | (110,556)        | (67,674)           | 61.21%                  |
| <b>Total Net Position</b>                        | <b>\$ 39,349</b> | <b>\$ 84,524</b> | <b>\$ (45,175)</b> | <b>-53.45%</b>          |

The net position of the funds maintained by the City Court's governmental activities decreased by \$45,175 over the prior year. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements, decreased by \$67,674 from \$(110,556) at June 30, 2019 to \$(178,230) at June 30, 2020.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Management's Discussion and Analysis

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#### Condensed Statements of Activities

|   | 2020               | 2019             | Dollar Change      | Total Percent Change |
|---|--------------------|------------------|--------------------|----------------------|
| <b>Revenues</b>   |                    |                  |                    |                      |
| Program Revenues  |                    |                  |                    |                      |
| Fines and Fees, Capital Grants, Operating Grants, and Contributions | \$ 644,866         | \$ 730,591       | \$ (85,725)        | -11.73%              |
| Interest Income and Miscellaneous                                   | 1,169              | 3,348            | (2,179)            | -65.08%              |
| <b>Total Revenues</b>   | <b>646,035</b>     | <b>733,939</b>   | <b>(87,904)</b>    | <b>-11.98%</b>       |
| <b>Program Expenses</b>   |                    |                  |                    |                      |
| General Governmental - Judicial                                     | 691,210            | 716,738          | (25,528)           | -3.56%               |
| <b>Total Program Expenses</b>                                       | <b>691,210</b>     | <b>716,738</b>   | <b>(25,528)</b>    | <b>-3.56%</b>        |
| <b>Change in Net Position</b>                                       | <b>\$ (45,175)</b> | <b>\$ 17,201</b> | <b>\$ (62,376)</b> | <b>-362.63%</b>      |

During the fiscal year ended June 30, 2020, total revenues decreased \$87,904. Court costs and fees received decreased by \$85,725. Expenses decreased by \$25,528, or approximately 4%.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

As explained above, overall revenues and expenses were down compared to the prior year. As a result, the budget was amended for the year ended June 30, 2020.

#### CAPITAL ASSETS

During the year ended June 30, 2020, capital assets decreased by \$25,477 due to depreciation expense for the year exceeding capital outlay.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2021. Budgeted revenues and expenditures are expected to be consistent with the year ended June 30, 2020.

#### CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens and taxpayers with a general overview for the funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have any questions or need additional financial information, contact Denham Springs City Court, Clerk of Court/Judicial Administrator's office at 116 N. Range Avenue, Denham Springs, Louisiana 70726.

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Statement of Net Position**  
**June 30, 2020**  
**With Comparative Totals as of June 30, 2019**

|  | <b>Governmental Activities</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2020</b>                    | <b>2019</b>      |
| <b>Assets</b>                                    |                                |                  |
| Cash and Cash Equivalents                        | \$ 227,656                     | \$ 247,075       |
| Receivables, Net                                 | 95                             | 948              |
| Capital Assets (Net of Accumulated Depreciation) | 75,455                         | 100,932          |
| Net Pension Asset                                | 14,650                         | -                |
| <b>Total Assets</b>                              | <b>317,856</b>                 | <b>348,955</b>   |
| <b>Deferred Outflows of Resources</b>            |                                |                  |
| Deferred Outflows - Related to Pensions          | 62,439                         | 107,549          |
| <b>Total Deferred Outflows of Resources</b>      | <b>62,439</b>                  | <b>107,549</b>   |
| <b>Liabilities</b>                               |                                |                  |
| <b>Current Liabilities</b>                       |                                |                  |
| Accounts Payable                                 | 7,602                          | 9,013            |
| Accrued Expenses                                 | 18,466                         | 20,685           |
| <b>Long-Term Liabilities</b>                     |                                |                  |
| Net Pension Liability                            | 276,793                        | 312,084          |
| <b>Total Liabilities</b>                         | <b>302,861</b>                 | <b>341,782</b>   |
| <b>Deferred Inflows of Resources</b>             |                                |                  |
| Deferred Inflows - Related to Pensions           | 38,085                         | 30,198           |
| <b>Total Deferred Inflows of Resources</b>       | <b>38,085</b>                  | <b>30,198</b>    |
| <b>Net Position</b>                              |                                |                  |
| Net Investment in Capital Assets                 | 75,455                         | 100,932          |
| Restricted Civil Fees                            | 142,124                        | 94,148           |
| Unrestricted Deficit                             | (178,230)                      | (110,556)        |
| <b>Total Net Position</b>                        | <b>\$ 39,349</b>               | <b>\$ 84,524</b> |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**  
**With Comparative Totals for the Year Ended June 30, 2019**

|   | <b>Governmental Activities</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2020</b>                    | <b>2019</b>      |
| <b>Program Expenses</b>                 |                                |                  |
| Judicial                                |                                |                  |
| Salaries, Fees Paid, and Benefits       | \$ 487,604                     | \$ 506,868       |
| Office Expenses                         | 96,789                         | 88,224           |
| Contract Services                       | 52,522                         | 62,283           |
| Depreciation                            | 28,377                         | 27,974           |
| Memberships and Educational Conferences | 25,918                         | 31,389           |
| <b>Total Program Expenses</b>           | <b>691,210</b>                 | <b>716,738</b>   |
| <b>Program Revenues</b>                 |                                |                  |
| Fines and Fees                          | 551,579                        | 632,406          |
| Capital Grants                          | 18,172                         | 23,357           |
| Operating Grants and Contributions      | 75,115                         | 74,828           |
| <b>Total Program Revenues</b>           | <b>644,866</b>                 | <b>730,591</b>   |
| <b>Net Program (Expense) Revenue</b>    | <b>(46,344)</b>                | <b>13,853</b>    |
| <b>General Revenues</b>                 |                                |                  |
| Interest Income                         | 193                            | 184              |
| Miscellaneous                           | 976                            | 3,164            |
| <b>Total General Revenues</b>           | <b>1,169</b>                   | <b>3,348</b>     |
| <b>Change in Net Position</b>           | <b>(45,175)</b>                | <b>17,201</b>    |
| <b>Net Position, Beginning of Year</b>  | <b>84,524</b>                  | <b>67,323</b>    |
| <b>Net Position, End of Year</b>        | <b>\$ 39,349</b>               | <b>\$ 84,524</b> |

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Balance Sheet**  
**Governmental Fund**  
**June 30, 2020**  
**With Comparative Totals as of June 30, 2019**

|   | <b>General Fund</b> |                   |
|---|---------------------|-------------------|
|   | <b>2020</b>         | <b>2019</b>       |
| <b>Assets</b>                             |                     |                   |
| Cash and Cash Equivalents                 | \$ 227,656          | \$ 247,075        |
| Accounts Receivable - Other               | 95                  | 948               |
| <b>Total Assets</b>                       | <b>\$ 227,751</b>   | <b>\$ 248,023</b> |
| <b>Liabilities and Fund Balance</b>       |                     |                   |
| <b>Liabilities</b>                        |                     |                   |
| Accounts Payable                          | \$ 7,602            | \$ 9,013          |
| Accrued Expenses                          | 18,135              | 20,354            |
| <b>Total Liabilities</b>                  | <b>25,737</b>       | <b>29,367</b>     |
| <b>Fund Balance</b>                       |                     |                   |
| Restricted Civil Fees                     | 142,124             | 94,148            |
| Unassigned                                | 59,890              | 124,508           |
| <b>Total Fund Balance</b>                 | <b>202,014</b>      | <b>218,656</b>    |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 227,751</b>   | <b>\$ 248,023</b> |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2020**  
**With Comparative Totals as of June 30, 2019**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| <b>Fund Balance - Total Governmental Fund</b>  | <b>\$ 202,014</b> | <b>\$ 218,656</b> |
| 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 governmental funds: |                   |                   |
| Governmental Capital Assets  | 148,972           | 146,072           |
| Less: Accumulated Depreciation   | (73,517)          | (45,140)          |
| Net Pension Asset  | 14,650            | -                 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:        |                   |                   |
| Compensated Absences   | (331)             | (331)             |
| Net Pension Liability  | (276,793)         | (312,084)         |
| Deferred outflows of resources related to pensions are not reported in governmental funds.   | 62,439            | 107,549           |
| Deferred inflows of resources related to pensions are not reported in governmental funds.  | (38,085)          | (30,198)          |
| <b>Net Position of Governmental Activities</b>   | <b>\$ 39,349</b>  | <b>\$ 84,524</b>  |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended June 30, 2020**  
**With Comparative Totals for the Year Ended June 30, 2019**

|   | <u>Total Governmental Fund</u> |                |
|---|--------------------------------|----------------|
|   | 2020                           | 2019           |
| <b>Revenues</b>                             |                                |                |
| Charges for Services                        |                                |                |
| Court Costs                                 | \$ 291,509                     | \$ 406,691     |
| Civil Fees                                  | 209,082                        | 140,842        |
| Probation and Continuance Fees              | 48,513                         | 81,360         |
| Drivers' License Reinstatement Fees         | 2,475                          | 3,513          |
| Intergovernmental Revenues                  |                                |                |
| On-Behalf Payments                          | 25,431                         | 25,431         |
| Grant                                       | 18,172                         | 23,357         |
| Primary Government - City of Denham Springs | 46,860                         | 46,860         |
| Interest Income                             | 193                            | 184            |
| Miscellaneous                               | 976                            | 3,164          |
|   | <u>643,211</u>                 | <u>731,402</u> |
| <b>Expenditures</b>                         |                                |                |
| Judicial                                    |                                |                |
| Salaries, Fees Paid, and Benefits           |                                |                |
| Salaries                                    | 303,426                        | 287,258        |
| Civil Fees Paid                             | 72,890                         | 70,008         |
| Retirement Expense                          | 49,178                         | 46,126         |
| Employee Group Insurance                    | 36,144                         | 64,736         |
| Payroll Tax Expense                         | 20,086                         | 21,263         |
| Office Expenses                             |                                |                |
| Office Supplies and Printed Forms           | 79,200                         | 65,456         |
| Telephone                                   | 9,190                          | 13,436         |
| Bank Fees                                   | 4,891                          | 3,925          |
| Insurance                                   | 1,927                          | 4,154          |
| Miscellaneous                               | 1,581                          | 1,253          |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund (Continued)**  
**For the Year Ended June 30, 2020**  
**With Comparative Totals for the Year Ended June 30, 2019**

|   | <b>Total Governmental Fund</b> |                   |
|---|--------------------------------|-------------------|
|   | <b>2020</b>                    | <b>2019</b>       |
| <b>Expenditures (Continued)</b>         |                                |                   |
| Contract Services                       |                                |                   |
| Professional Fees                       | 19,224                         | 25,276            |
| Maintenance Agreement                   | 18,730                         | 16,362            |
| Security (Denham Springs Marshal)       | 12,028                         | 16,350            |
| File Storage                            | 1,740                          | 3,480             |
| Maintenance and Repair                  | 800                            | 815               |
| Memberships and Educational Conferences |                                |                   |
| Membership Dues and Subscriptions       | 25,668                         | 23,056            |
| Educational Conferences and Seminars    | 250                            | 8,333             |
| Capital Outlay                          | 2,900                          | -                 |
|   | <b>659,853</b>                 | <b>671,287</b>    |
|   |                                |                   |
| <b>(Deficiency) Excess of Revenues</b>  |                                |                   |
| <b>Over Expenditures</b>                | <b>(16,642)</b>                | <b>60,115</b>     |
|   |                                |                   |
| <b>Fund Balance, Beginning of Year</b>  | <b>218,656</b>                 | <b>158,541</b>    |
|   |                                |                   |
| <b>Fund Balance, End of Year</b>        | <b>\$ 202,014</b>              | <b>\$ 218,656</b> |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of Governmental Fund**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2020**  
**With Comparative Totals for the Year Ended June 30, 2019**

|   | <b>2020</b>        | 2019      |
|---|--------------------|-----------|
| <b>Net Change in Fund Balance - Total Governmental Fund</b>   | <b>\$ (16,642)</b> | \$ 60,115 |
| 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. This is the amount by which depreciation exceeded capital outlay. | <b>(25,477)</b>    | (27,974)  |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:   |                    |           |
| Decrease in Compensated Absences Payable  | -                  | 4,399     |
| Increase in Pension Expense   | <b>(3,056)</b>     | (19,339)  |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ (45,175)</b> | \$ 17,201 |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget (GAAP Basis) and Actual - Governmental Fund**  
**For the Year Ended June 30, 2020**

|   | Budgetary Amounts |                | Actual -<br>Budgetary<br>Basis | Variance with<br>Final Budget<br>Favorable<br>(Unfavorable) |
|---|-------------------|----------------|--------------------------------|---|
|   | Original          | Final          |                                |   |
| <b>Revenues</b>                             |                   |                |                                |   |
| Charges for Services                        |                   |                |                                |   |
| Court Costs                                 | \$ 371,000        | \$ 371,000     | \$ 291,509                     | \$ (79,491)   |
| Civil Fees                                  | 130,000           | 130,000        | 209,082                        | 79,082  |
| Probation and Continuance Fees              | 75,000            | 75,000         | 48,513                         | (26,487)  |
| Drivers' License Reinstatement Fees         | 3,000             | 3,000          | 2,475                          | (525)   |
| Intergovernmental Revenues                  |                   |                |                                |   |
| On-Behalf Payments                          | 46,860            | 46,860         | 25,431                         | (21,429)  |
| Grants                                      | -                 | -              | 18,172                         | 18,172  |
| Primary Government - City of Denham Springs | 29,323            | 29,323         | 46,860                         | 17,537  |
| Interest Income                             | 3,123             | 3,123          | 193                            | (2,930)   |
| Miscellaneous                               | 381               | 381            | 976                            | 595   |
| <b>Total Revenues</b>                       | <b>658,687</b>    | <b>658,687</b> | <b>643,211</b>                 | <b>(15,476)</b>   |
| <b>Expenditures</b>                         |                   |                |                                |   |
| Judicial                                    |                   |                |                                |   |
| Salaries, Fees Paid, and Benefits           |                   |                |                                |   |
| Salaries                                    | 300,000           | 300,000        | 303,426                        | (3,426)   |
| Civil Fees Paid                             | 70,350            | 70,350         | 72,890                         | (2,540)   |
| Retirement Expense                          | 53,000            | 53,000         | 49,178                         | 3,822   |
| Employee Group Insurance                    | 51,000            | 51,000         | 36,144                         | 14,856  |
| Payroll Tax Expense                         | 25,000            | 25,000         | 20,086                         | 4,914   |
| Office Expenses                             |                   |                |                                |   |
| Office Supplies and Printed Forms           | 54,950            | 54,950         | 79,200                         | (24,250)  |
| Telephone                                   | 14,000            | 14,000         | 9,190                          | 4,810   |
| Bank Fees                                   | -                 | -              | 4,891                          | (4,891)   |
| Insurance                                   | 5,000             | 5,000          | 1,927                          | 3,073   |
| Miscellaneous                               | 3,000             | 3,000          | 1,581                          | 1,419   |
| Uniforms                                    | 2,500             | 2,500          | -                              | 2,500   |
| Contract Services                           |                   |                |                                |   |
| Professional Fees                           | 15,000            | 15,000         | 19,224                         | (4,224)   |
| Maintenance Agreement                       | 37,000            | 37,000         | 18,730                         | 18,270  |
| Security (Denham Springs Marshal)           | -                 | -              | 12,028                         | (12,028)  |
| File Storage                                | -                 | -              | 1,740                          | (1,740)   |
| Maintenance and Repair                      | 3,525             | 3,525          | 800                            | 2,725   |
| Memberships and Educational Conferences     |                   |                |                                |   |
| Membership Dues and Subscriptions           | 15,087            | 15,087         | 25,668                         | (10,581)  |
| Educational Conferences and Seminars        | 9,275             | 9,275          | 250                            | 9,025   |
| Capital Outlay                              | -                 | -              | 2,900                          | (2,900)   |
| <b>Total Expenditures</b>                   | <b>658,687</b>    | <b>658,687</b> | <b>659,853</b>                 | <b>(1,166)</b>  |
| <b>Net Change in Fund Balance</b>           | <b>\$ -</b>       | <b>\$ -</b>    | <b>(16,642)</b>                | <b>\$ (16,642)</b>  |
| <b>Fund Balance, Beginning of Year</b>      |                   |                | <b>218,656</b>                 |   |
| <b>Fund Balance, End of Year</b>            |                   |                | <b>\$ 202,014</b>              |   |

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2020

|                          | <u>Agency Funds</u>      |
|--------------------------|--------------------------|
| <b>Assets</b>            |                          |
| Cash                     | <u>\$ 259,377</u>        |
| <b>Total Assets</b>      | <u><u>\$ 259,377</u></u> |
| <b>Liabilities</b>       |                          |
| Due to Others            | <u>\$ 259,377</u>        |
| <b>Total Liabilities</b> | <u><u>\$ 259,377</u></u> |

The accompanying notes are an integral part of these financial statements.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Statement of Changes in Due to Others**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2020**

|  | Agency Funds      |                  |                 |                  | Total             |
|--|-------------------|------------------|-----------------|------------------|-------------------|
|  | Civil Docket      | Criminal Docket  | Restitution     | Judicial College |                   |
| <b>Additions</b>   |                   |                  |                 |                  |                   |
| Fines and Bonds Collected                                  | \$ 484,605        | \$ 1,129,357     | \$ -            | \$ 2,745         | \$ 1,616,707      |
| Restitution Received                                       | -                 | -                | 7,880           | -                | 7,880             |
| Interest Income  | 413               | 50               | 3               | -                | 466               |
| <b>Total Additions</b>                                     | <b>485,018</b>    | <b>1,129,407</b> | <b>7,883</b>    | <b>2,745</b>     | <b>1,625,053</b>  |
| <b>Deductions</b>  |                   |                  |                 |                  |                   |
| Fines Disbursed to City of Denham Springs - General        | -                 | 295,022          | -               | -                | 295,022           |
| Fines Disbursed to Parish Council - General                | -                 | 14,037           | -               | -                | 14,037            |
| Fines Disbursed to Louisiana Supreme Court                 | -                 | -                | -               | 2,824            | 2,824             |
| General Fund Court Costs                                   | -                 | 332,011          | -               | -                | 332,011           |
| Public Service Court Costs                                 | -                 | 1,220            | -               | -                | 1,220             |
| Witness Fee Court Costs                                    | -                 | 8,866            | -               | -                | 8,866             |
| Marshal's Office Court Costs                               | -                 | 179,023          | -               | -                | 179,023           |
| District Attorney Fees                                     | -                 | 513              | -               | -                | 513               |
| Bonds and Fines Refunded                                   | 16,561            | 4,133            | -               | -                | 20,694            |
| Law Enforcement Training                                   | -                 | 1,013            | -               | -                | 1,013             |
| Miscellaneous  | 210               | 9,185            | 2,035           | 100              | 11,530            |
| Bank Service Charge  | 792               | -                | -               | -                | 792               |
| Collection Fee   | -                 | 41,708           | -               | -                | 41,708            |
| Judicial College   | 1,119             | 1,858            | -               | -                | 2,977             |
| Reparations Fund   | -                 | 4,095            | -               | -                | 4,095             |
| Indigent Defenders' Board                                  | -                 | 142,934          | -               | -                | 142,934           |
| Marshal's Fees   | 106,016           | -                | -               | -                | 106,016           |
| Recording Fees   | 89,467            | -                | -               | -                | 89,467            |
| Restitution Paid to Victims                                | -                 | -                | 6,989           | -                | 6,989             |
| Building and Technology Fund                               | 46,544            | 48,687           | -               | -                | 95,231            |
| Serving Citations  | 22,913            | -                | -               | -                | 22,913            |
| Judge's Supplemental Compensation Fund                     | 42,611            | -                | -               | -                | 42,611            |
| Excess Civil Fees Transfers to General Fund                | 154,331           | -                | -               | -                | 154,331           |
| Juvenile Justice Committee                                 | -                 | 19,341           | -               | -                | 19,341            |
| Trial Court Case Management Information System             | -                 | 11,600           | -               | -                | 11,600            |
| Louisiana Traumatic Head and Spinal Cord Injury Trust Fund | -                 | 4,242            | -               | -                | 4,242             |
| Baton Rouge Crime Stoppers                                 | -                 | 7,735            | -               | -                | 7,735             |
| Sex Registry   | -                 | 18,573           | -               | -                | 18,573            |
| <b>Total Deductions</b>                                    | <b>480,564</b>    | <b>1,145,796</b> | <b>9,024</b>    | <b>2,924</b>     | <b>1,638,308</b>  |
| <b>Net Additions/Deductions</b>                            | <b>4,454</b>      | <b>(16,389)</b>  | <b>(1,141)</b>  | <b>(179)</b>     | <b>(13,255)</b>   |
| <b>Due to Others, Beginning of Year</b>                    | <b>247,991</b>    | <b>22,186</b>    | <b>2,233</b>    | <b>222</b>       | <b>272,632</b>    |
| <b>Due to Others, End of Year</b>                          | <b>\$ 252,445</b> | <b>\$ 5,797</b>  | <b>\$ 1,092</b> | <b>\$ 43</b>     | <b>\$ 259,377</b> |

The accompanying notes are an integral part of these financial statements.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

The City Court of Denham Springs - Ward II (the City Court), Parish of Livingston, Louisiana, was established in accordance with Louisiana Revised Statute (R.S.) 13:1872 A(1) by resolution of the Denham Springs Mayor and Council on June 24, 1968. The City Court collects fines on behalf of Ward II in Livingston Parish which includes the City of Denham Springs and a portion of Livingston Parish and remits these fines to the same, after deducting court costs for operation of the City Court and Marshal's offices.

#### Financial Reporting Entity

For reporting purposes, the City of Denham Springs, Louisiana (the City), serves as the financial reporting entity for both the municipality and for the Ward II Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Council of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit, and
2. Financial accountability, and
  - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
  - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefits/burden relationship between the primary government and the potential component unit, and
4. Misleading to exclude which covers other potential component units 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.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Financial Reporting Entity (Continued)**

Based on the previous criteria, the City's management has included the City Court of Denham Springs - Ward II as a component unit of the City of Denham Springs. Since the Judge of the City Court is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the City Court of Denham Springs - Ward II are included as a discretely presented component unit in the City of Denham Springs government-wide financial statements for the year ended June 30, 2020.

##### **Basis of Presentation**

##### ***Government-Wide Financial Statements***

The City Court's basic financial statements include both government-wide (reporting the City Court as a whole) and fund financial statements (reporting the City Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the City Court categorized as a business-type activity.

In the government-wide statement of net position, the governmental activity column (a) is presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resource basis.

The government-wide statement of activities reports both the gross and net cost of the City Court's function. The statement of activities reduces gross expenses by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc.).

The City Court does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City Court as an entity and the change in the City Court's net position resulting from the current year's activities.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Basis of Presentation (Continued)**

##### ***Government-Wide Financial Statements (Continued)***

The financial transactions of the City Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The City Court uses the following fund types:

##### Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the City Court:

**General Fund** - The General Fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

##### Fiduciary Funds

**Agency Funds** - Agency funds are used to account for assets held by the City Court in a trustee capacity or 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 measurement of results of operations. The Agency Funds consist of the Civil Docket, Criminal Docket, Restitution, and Judicial College Funds. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the City Court, these funds are not incorporated into the government-wide financial statements.

##### **Basis of Accounting and Measurement Focus**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

##### ***Accrual Basis***

The governmental activities in the government-wide financial statements and the fiduciary funds financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

---

#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Basis of Accounting and Measurement Focus (Continued)**

###### ***Accrual Basis (Continued)***

Revenues of the City Court consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

###### ***Modified Accrual Basis***

The governmental fund financial statements are presented on 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 that the amount of the transaction can be determined and available means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City Court considers all revenues available if they are collected within sixty days of fiscal year-end. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

##### **Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

|                                 |               |
|---------------------------------|---------------|
| Computer Equipment and Software | 5 Years       |
| Office Furniture and Equipment  | 5 to 10 Years |
| Office Improvements             | 20 Years      |

##### **Budgets and Budgetary Accounting**

The proposed budget for the General Fund of the City Court was prepared on the modified accrual basis of accounting by the Clerk of the City Court. The budget was amended during the year ended June 30, 2020.

##### **Accumulated Unpaid Vacation and Sick Pay**

Employees who have been employed by the City Court of Denham Springs - Ward II earn 10 days of vacation leave each year. Vacation days must be used by December 31<sup>st</sup>; no carryover of vacation days is allowed. The City Court's employees earn 10 days of sick leave each year. Sick time is not to be carried over; it must all be used by December 31<sup>st</sup>.

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 expenses during the reporting period. Actual results could differ from those estimates.

**Deferred Outflows/Inflows of Resources**

The statement of financial position will often report a separate section for deferred outflows and/or inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of a net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

All of the City Court's deferred outflows and inflows of resources on the statement of net position are related to pensions. See Note 6.

**Pensions**

The City Court is a participating employer in two cost-sharing, multiple-employer defined benefit plans as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2020, the City Court had no outstanding debt.

**Fund Balance**

The City Court has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

*Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Fund Balance (Continued)

*Restricted* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

*Committed* - Amounts that can only be used for specific purposes determined by a formal action of the City Court. These amounts cannot be used for any other purpose unless the City Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

*Assigned* - Amounts that are designated as committed by the City Court but are not spendable until a budget ordinance is passed.

*Unassigned* - All amounts not included in other spendable classifications. The City Court has not adopted a policy to maintain the General Fund's unassigned balance above a certain minimum level.

The details of the fund balances are included in the balance sheet - governmental fund (page 13). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the City Court or the assignment has been changed by the City Court. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

##### Summary Financial Information for 2019

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the City Court's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

##### New Upcoming Accounting Pronouncements

The GASB issued Statement No. 84, *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 84 to reporting periods beginning after December 15, 2019.

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

**New Upcoming Accounting Pronouncements (Continued)**

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of Statement No. 89 to reporting periods beginning after December 15, 2020.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information-technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

**Note 2. Interest Earned**

The Civil and Criminal Dockets and the Restitution Fund have placed funds in interest-bearing accounts. Since the Dockets operate in a fiduciary capacity and are not required to pay interest on bonds paid in advance of trial, interest income is transferred to the General Fund and used for operations of the City Court.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 3. Deposits and Investments

For reporting purposes, cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the City Court may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

At June 30, 2020, the carrying amount of the City Court's cash and cash equivalents totaled \$487,033, and the bank balances were \$574,414. These deposits are stated at cost, which approximates market. The following is a summary of cash and cash equivalents and investments at June 30, 2020:

|               | Deposits in Bank Accounts |                 |            |
|---------------|---------------------------|-----------------|------------|
|               | Governmental<br>Fund      | Agency<br>Funds | Total      |
| Book Balances | \$ 227,656                | \$ 259,377      | \$ 487,033 |
| Bank Balances | \$ 237,395                | \$ 337,019      | \$ 574,414 |

#### Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City Court's deposits may not be recovered. To mitigate this risk, state law requires these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities 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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City Court regardless of their designation by the financial institution in which they are deposited. As of June 30, 2020, \$154,597 of the City Court's bank balance of \$574,414 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the banks.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2020 is as follows:

| <b>Governmental Activities</b>                    | <b>Beginning<br/>Balance</b> | <b>Increases</b>   | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|--------------------|------------------|---------------------------|
| <b>Capital Assets Being Depreciated</b>           |                              |                    |                  |                           |
| Furniture and Fixtures                            | \$ 14,916                    | \$ -               | \$ -             | \$ 14,916                 |
| Software  | 70,300                       | 2,900              | -                | 73,200                    |
| Computer Equipment                                | 60,856                       | -                  | -                | 60,856                    |
| <b>Total Capital Assets Being<br/>Depreciated</b> | <b>146,072</b>               | <b>2,900</b>       | <b>-</b>         | <b>148,972</b>            |
| <b>Less Accumulated Depreciation for:</b>         |                              |                    |                  |                           |
| Furniture and Fixtures                            | 6,336                        | 2,983              | -                | 9,319                     |
| Software  | 15,232                       | 11,334             | -                | 26,566                    |
| Computer Equipment                                | 23,572                       | 14,060             | -                | 37,632                    |
| <b>Total Accumulated Depreciation</b>             | <b>45,140</b>                | <b>28,377</b>      | <b>-</b>         | <b>73,517</b>             |
| <b>Capital Assets, Net</b>                        | <b>\$ 100,932</b>            | <b>\$ (25,477)</b> | <b>\$ -</b>      | <b>\$ 75,455</b>          |

Depreciation expense for the year ended June 30, 2020 was \$28,377.

**Note 5. Postretirement Health Care and Life Insurance Benefits**

At June 30, 2020, the City Court has no postretirement health care and life insurance benefit plan in existence.

**Note 6. Pension Plans**

The City Court follows the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB 68*, for pension plans. These standards revised and established new financial reporting requirements for governments that provide their employees with pension benefits.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 6. Pension Plans (Continued)

These standards require the City Court to record its proportionate share of each of the pension plans' net pension liability and report the following disclosures:

##### General Information about the Pension Plans

###### *Plan Descriptions*

###### Parochial Employees' Retirement System of Louisiana

Employees of the City Court may elect to be members of the Parochial Employees' Retirement System (PERS) - Plan B, a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:190. PERS - Plan B was designed for those employers that contribute to Social Security. PERS issues a publicly available financial report that can be obtained at [www.persla.org](http://www.persla.org).

###### Louisiana State Employees' Retirement System

The Judge is a member of the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Louisiana State Employees' Retirement System. R.S. 11:401 grants to LASERS' Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

###### *Benefits Provided*

The following is a description of the plans and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

###### Parochial Employees' Retirement System of Louisiana

###### 1. Retirement

All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Parochial Employees' Retirement System of Louisiana (Continued)

1. Retirement (Continued)

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

Age 55 with thirty (30) years of creditable service

Age 60 with a minimum of ten (10) years of creditable service

Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

Age 55 with thirty (30) years of creditable service

Age 62 with a minimum of ten (10) years of creditable service

Age 67 with a minimum of seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

2. Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

3. Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the retirement system. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan in which they are enrolled for three years and defer the receipt of benefits.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Parochial Employees' Retirement System of Louisiana (Continued)

3. Deferred Retirement Option Plan (Continued)

During participation in the DROP, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the Board of Trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

4. Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Parochial Employees' Retirement System of Louisiana (Continued)

5. Cost-of-Living Increases

The Board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost-of-living increase up to 2.5% for retirees 62 and older (R.S. 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Louisiana State Employees' Retirement System

1. Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS' rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing 5 to 10 years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Louisiana State Employees' Retirement System (Continued)

1. Retirement (Continued)

As an alternative to the basic retirement benefits, members may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after 5 years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is 10 years of service.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Louisiana State Employees' Retirement System (Continued)

**2. Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan. When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004 are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004 are required to enter the SDP as described above.

**3. Disability Benefits**

All members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Benefits Provided (Continued)*

Louisiana State Employees' Retirement System (Continued)

4. Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of 5 years of service credit, at least 2 of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

5. Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLA), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

*Contributions*

Parochial Employees' Retirement System of Louisiana

According to state statute, contributions for all employers are actuarially determined each year. The City Court's required contribution rate for the period July 1, 2019 to June 30, 2020 was 7.5%. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the City Court were \$17,008 for the year ended June 30, 2020.

According to state statute, PERS also receives one-fourth of one percent of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge Parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$2,824 for the year ended June 30, 2020.

**Note 6. Pension Plans (Continued)**

**General Information about the Pension Plans (Continued)**

*Contributions (Continued)*

Louisiana State Employees' Retirement System

Contribution requirements of active employees are governed by R.S. 11:401 and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The City Court's contractually required composite contribution rate for the year ended June 30, 2020 was 42% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City Court were \$30,698 for the year ended June 30, 2020.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the City Court reported a net pension asset of \$14,650 for its proportionate share of PERS and a net pension liability of \$276,793 for its proportionate share of LASERS. For PERS, the net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For LASERS, the net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, the City Court's proportion was .202493% for PERS, which was an increase of .009112% from its proportion measured as of December 31, 2018. At June 30, 2019, the City Court's proportion was .0038200% for LASERS, which was a decrease of .00010% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City Court recognized pension benefit \$5,851 for PERS and pension expense of \$11,731 for LASERS.

**CITY COURT OF DENHAM SPRINGS - WARD II**

**Notes to Financial Statements**

**Note 6. Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At June 30, 2020, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <u>Deferred Outflows of Resources</u>  | <u>PERS</u>      | <u>LASERS</u>    | <u>Total</u>     |
|--|------------------|------------------|------------------|
| Differences between Expected and Actual Experience   | \$ 480           | \$ 1,701         | \$ 2,181         |
| Changes in Assumptions   | 8,643            | 2,373            | 11,016           |
| Net Difference between Projected and Actual Earnings<br>on Pension Plan Investments                              | -                | 9,569            | 9,569            |
| Changes in Proportion and Differences between Employer<br>Contributions and Proportionate Share of Contributions | 480              | -                | 480              |
| City Court Contributions Subsequent to the<br>Measurement Date   | 8,495            | 30,698           | 39,193           |
| <b>Total Deferred Outflows of Resources</b>  | <b>\$ 18,098</b> | <b>\$ 44,341</b> | <b>\$ 62,439</b> |

  

| <u>Deferred Inflows of Resources</u>   | <u>PERS</u>      | <u>LASERS</u> | <u>Total</u>     |
|--|------------------|---------------|------------------|
| Differences between Expected and Actual Experience   | \$ 6,248         | \$ 576        | \$ 6,824         |
| Net Difference between Projected and Actual Earnings<br>on Pension Plan Investments                              | 30,590           | -             | 30,590           |
| Changes in Proportion and Differences between Employer<br>Contributions and Proportionate Share of Contributions | 671              | -             | 671              |
| <b>Total Deferred Inflows of Resources</b>   | <b>\$ 37,509</b> | <b>\$ 576</b> | <b>\$ 38,085</b> |

In the year ending June 30, 2021, \$39,193 reported as deferred outflows of resources related to pensions resulting from the City Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>PERS</u>        | <u>LASERS</u>    | <u>Total</u>       |
|-----------------------------|--------------------|------------------|--------------------|
| 2021                        | \$ (11,466)        | \$ 6,847         | \$ (4,619)         |
| 2022                        | 1,151              | 2,633            | 3,784              |
| 2023                        | (17,591)           | 3,587            | (14,004)           |
| <b>Total</b>                | <b>\$ (27,906)</b> | <b>\$ 13,067</b> | <b>\$ (14,839)</b> |

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

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Note 6. Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 for PERS and as of June 30, 2019 for LASERS is as follows:

| <b>Assumptions</b>        | <b>PERS</b>                       | <b>LASERS</b>  |
|---------------------------|-----------------------------------|--|
| Inflation                 | 1.85%                             | 2.50%  |
| Salary Increases          | 5.25% including inflation         | Salary increases based on 2014-2018 experience study |
| Investment Rate of Return | 6.50% (net of investment expense) | 7.60%  |

For PERS, mortality rates were based on Pub-2010 Public Retirement Plans Mortality Table for health retirees multiplied by 130% for males and 125% for females using MP-2018 scale for annuitant and beneficiary mortality. Mortality rates for employees were based on the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using the MP-2018 scale. Mortality rates for disabled annuitants were based on Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP-2018.

For LASERS, mortality rates for 2019 were based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. For disabled members, mortality rates were based on the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement.

For PERS and LASERS cost-of-living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Boards of Trustees.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

**Note 6. Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions (Continued)*

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of December 31, 2019 are summarized in the following table:

| Asset Class                        | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------------|--|
| Fixed Income                       | 35%                     | 1.05%  |
| Equity                             | 52%                     | 3.41%  |
| Alternatives                       | 11%                     | 0.61%  |
| Real Assets                        | 2%                      | 0.11%  |
|                                    | 100%                    | 5.18%  |
| Inflation                          |                         | 2.00%  |
| Expected Arithmetic Nominal Return |                         | 7.18%  |

For LASERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

**Note 6. Pension Plans (Continued)****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***Actuarial Assumptions (Continued)*

The target allocation and best estimates of geometric real rates of return for each major asset class included in the LASERS target asset allocation as of June 30, 2019 are summarized in the following table:

| Asset Class                | Long-Term Expected<br>Portfolio Real Rate<br>of Return |
|----------------------------|--|
| Cash                       | 0.24%  |
| Domestic Equity            | 4.83%  |
| International Equity       | 5.83%  |
| Domestic Fixed Income      | 2.79%  |
| International Fixed Income | 4.49%  |
| Alternative Instruments    | 8.32%  |
| Global Asset Allocation    | 5.06%  |
| <b>Total</b>               | <b>6.09%</b>   |

*Discount Rate*

For PERS, the discount rate used to measure the total pension liability was 6.5% which was the same as the prior measurement date of December 31, 2018. For LASERS, the discount rate used to measure the total pension liability was 7.60% which was a decrease of .05% from the prior measurement date of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

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**Note 6. Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City Court's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2019 for PERS and as of June 30, 2019 for LASERS:

| <b>PERS - Plan B</b>   | <b>1% Decrease<br/>(5.50%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(6.50%)</b> | <b>1% Increase<br/>(7.50%)</b> |
|--|--------------------------------|--|--------------------------------|
| City Court's Proportionate Share of<br>the Net Pension Liability (Asset) | \$ 78,698                      | \$ (14,650)                                      | \$ (92,671)                    |

| <b>LASERS</b>  | <b>1% Decrease<br/>(6.60%)</b> | <b>Current<br/>Discount<br/>Rate<br/>(7.60%)</b> | <b>1% Increase<br/>(8.60%)</b> |
|--|--------------------------------|--|--------------------------------|
| City Court's Proportionate Share of<br>the Net Pension Liability (Asset) | \$ 349,575                     | \$ 276,793                                       | \$ 215,648                     |

*Pension Plans Fiduciary Net Position*

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2019. Access to the audit report can be found on the System's website: [www.persla.org](http://www.persla.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

Detailed information about LASERS' fiduciary net position is available in the separately issued LASERS 2019 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org) or on the Office of Louisiana Legislative Auditor's official website: [www.la.state.la.us](http://www.la.state.la.us).

**Payables to the Pension Plans**

At June 30, 2020, included in liabilities is a payable in the amount of \$4,475 to PERS and a payable in the amount of \$2,851 to LASERS. This payable is for normal legally required contributions to the pension plan.

## CITY COURT OF DENHAM SPRINGS - WARD II

### Notes to Financial Statements

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#### Note 7. On-Behalf Payments for Salaries and Benefits

The City Court follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This standard requires the City Court to report in the financial statements on-behalf salary and fringe benefit payments made by the Livingston Parish Council (the Parish Council) to the City Court's employees.

Supplementary salary payments are made by the Parish Council directly to the City Court's employees. The City Court is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the Parish Council. For the fiscal year ended June 30, 2020, the Parish Council made supplementary salary and benefit payments of \$25,431 to the City Court's employees.

As an elected official, the Judge statutorily receives a portion of his compensation directly from the City of Denham Springs, the Livingston Parish Council, and the State of Louisiana. As the Judge considers himself to be employed by the State of Louisiana, his compensation is not reflected in these financial statements.

#### Note 8. Risk Management

The City Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City Court has obtained general liability insurance, as well as professional liability insurance for its staff.

#### Note 9. Contingency

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City Court operates. It is unknown how long these conditions will last and what the complete financial effect will be to the City Court.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Schedule of Proportionate Share of the**  
**Net Pension Liability by Plan**  
**For the Year Ended June 30, 2020**

| <b>PERS*</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| City Court's Portion of the Net Pension (Asset)/Liability   | 0.202493%   | 0.193381%   | 0.279627%   | 0.293920%   | 0.294650%   |
| City Court's Proportionate Share of the Net Pension (Asset)/Liability   | \$ (14,650) | \$ 52,245   | \$ (35,183) | \$ 38,182   | \$ 52,461   |
| City Court's Covered-Employee Payroll   | \$ 224,997  | \$ 176,875  | \$ 195,825  | \$ 292,795  | \$ 283,195  |
| City Court's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered-Employee Payroll | -6.51%      | 29.54%      | -17.97%     | 13.04%      | 18.52%      |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 102.04%     | 91.93%      | 101.97%     | 95.50%      | 93.48%      |
| <b>LASERS*</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| City Court's Portion of the Net Pension Liability   | 0.003820%   | 0.003810%   | 0.003820%   | 0.003760%   | 0.003480%   |
| City Court's Proportionate Share of the Net Pension Liability   | \$ 276,793  | \$ 259,839  | \$ 268,883  | \$ 295,256  | \$ 236,827  |
| City Court's Covered-Employee Payroll   | \$ 73,000   | \$ 69,600   | \$ 68,000   | \$ 66,600   | \$ 64,800   |
| City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll         | 379.17%     | 373.33%     | 386.33%     | 443.33%     | 365.47%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability  | 62.90%      | 64.30%      | 62.54%      | 57.73%      | 62.66%      |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

\* For PERS, the amounts presented were determined as of the calendar year-end that occurred within the fiscal year. For LASERS, the amounts presented have a measurement date of the previous fiscal year-end.

See independent auditor's report.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Schedule of Contributions by Plan**  
**For the Year Ended June 30, 2020**

| <b>PERS</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution                                  | \$ 17,008   | \$ 16,725   | \$ 14,676   | \$ 20,871   | \$ 25,258   |
| Contributions in Relation to the Contractually Required Contribution | (17,008)    | (16,725)    | (14,676)    | (20,871)    | (25,258)    |
| Contribution Deficiency (Excess)                                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| City Court's Covered-Employee Payroll                                | \$ 226,773  | \$ 223,000  | \$ 188,654  | \$ 260,877  | \$ 297,295  |
| Contributions as a Percentage of Covered-Employee Payroll            | 7.50%       | 7.50%       | 7.78%       | 8.00%       | 8.50%       |
| <b>LASERS</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b> | <b>2017</b> | <b>2016</b> |
| Contractually Required Contribution                                  | \$ 30,698   | \$ 28,035   | \$ 27,909   | \$ 25,840   | \$ 25,375   |
| Contributions in Relation to the Contractually Required Contribution | (30,698)    | (28,035)    | (27,909)    | (25,840)    | (25,375)    |
| Contribution Deficiency (Excess)                                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        |
| City Court's Covered-Employee Payroll                                | \$ 73,000   | \$ 70,008   | \$ 69,600   | \$ 68,000   | \$ 66,600   |
| Contributions as a Percentage of Covered-Employee Payroll            | 42.05%      | 40.10%      | 40.10%      | 38.00%      | 38.10%      |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditor's report.

## OTHER SUPPLEMENTARY INFORMATION

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended June 30, 2020**

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**Agency Head**  
Honorable Jerry L. Denton, Judge

| <b>Purpose</b>                         | <b>Amount Paid by the Court</b> |
|--|---------------------------------|
| Salary                                 | \$72,890                        |
| Benefits - Insurance                   | \$0                             |
| Benefits - Retirement                  | \$30,698                        |
| Benefits - Other                       | \$0                             |
| Car Allowance                          | \$0                             |
| Membership Dues                        | \$0                             |
| Per Diem                               | \$0                             |
| Reimbursements                         | \$0                             |
| Travel                                 | \$0                             |
| Registration Fees                      | \$0                             |
| Conference Travel                      | \$0                             |
| Continuing Professional Education Fees | \$0                             |
| Housing                                | \$0                             |
| Unvouchered Expenses                   | \$0                             |
| Special Meals                          | \$0                             |

See independent auditor's report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Judge Jerry L. Denton  
City Court of Denham Springs - Ward II  
Denham Springs, 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 Denham Springs - Ward II (the City Court), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City Court of Denham Springs - Ward II's basic financial statements, and have issued our report thereon dated November 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City Court of Denham Springs - Ward II's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court'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 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.

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 that might be material weaknesses or significant deficiencies. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City Court of Denham Springs - Ward II's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. 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*.

**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 City Court'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 City Court'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.



A Professional Accounting Corporation

Baton Rouge, LA  
November 11, 2020

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2020**

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**Section I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted? None

Federal Awards

Not applicable.

**Section II. Financial Statement Findings**

None.

**Section III. Federal Awards Findings and Questioned Costs**

Not applicable.

**CITY COURT OF DENHAM SPRINGS - WARD II**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2020**

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None.