

**City of Shreveport City Court  
Shreveport, Louisiana**

**Financial Statements With Auditors' Report**

**As of and For the Year Ended December 31, 2017**

City of Shreveport City Court  
Shreveport, Louisiana

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## Independent Auditors' Report

City of Shreveport City Court  
Shreveport, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court, a component unit of the City of Shreveport, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Shreveport 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, each major fund, and the aggregate remaining fund

information of the City of Shreveport City Court as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages and 3 - 7 and on pages 21 – 23, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shreveport City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 24 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 Heads is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule 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, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 24 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2018, on our consideration of City of Shreveport City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to solely 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 City of Shreveport 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 City of Shreveport City Court's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
May 17, 2018

## **CITY OF SHREVEPORT CITY COURT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of City of Shreveport City Court's financial performance provides an overview of the City Court's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the City's financial statements, which begin on page 8.

#### **FINANCIAL HIGHLIGHTS**

The City Court's net position decreased by \$177,018 or 3%.

The City Court's total program revenues were \$507,059 in 2017 compared to \$581,652 in 2016.

During the year ended December 31, 2017, the City Court had total expenses, excluding depreciation, of \$661,695, compared to \$641,968 in 2016.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 8 and 9) provide information about the activities of the City Court as a whole. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Shreveport for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Shreveport, the City Court was determined to be a component unit of the City of Shreveport. The accompanying financial statements present information only on the funds maintained by the City Court.

#### **Reporting the Funds Maintained by the City Court as a Whole**

##### **The Statement of Net Position and the Statement of Activities**

Our analysis of the funds maintained by the City Court as a whole begins on page 8. One of the most important questions asked about the City Court's finances is "Is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

### **Reporting the Most Significant Funds Maintained by the City Court**

Our analysis of the major funds maintained by the City Court begins on page 10. The fund financial statements begin on page 10 and provide detailed information about the most significant funds maintained by the City Court – not the City Court as a whole. However, the City Court establishes other funds to help it control and manage money for particular purposes (like the probation fund) to show that it is meeting legal responsibilities for using certain fees. The City Court's *governmental funds* use the following accounting approaches.

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

### **The City Court as Trustee**

The City Court is the trustee, or *fiduciary*, for its civil division, traffic violation bureau, and a portion of the small claims fund. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 12. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net position changed from a year ago, decreasing from \$5,309,135 to \$5,132,117. Our analysis below will focus on key elements of the total governmental funds for the 2017 and 2016 years.

**Table 1**  
**Net Position**

	Governmental Activities 2017	Governmental Activities 2016
Current assets	\$ 5,072,500	\$ 5,218,507
Capital assets	81,743	114,213
Total assets	<u>5,154,243</u>	<u>5,332,720</u>
Current liabilities	<u>22,126</u>	<u>23,585</u>
Net Position		
Investment in capital assets	81,743	114,213
Restricted	782,034	1,078,396
Unrestricted	<u>4,268,340</u>	<u>4,116,526</u>
Total net position	<u>\$ 5,132,117</u>	<u>\$ 5,309,135</u>

Net position of the funds maintained by the City Court's governmental activities decreased by \$177,018 or 3%. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements increased by \$151,814 from \$4,116,526 at December 31, 2016 to \$4,268,340 at December 31, 2017.

**Table 2**  
**Change in Net Position**

	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Programs Revenues:		
Charges for Service, Fines and Fees	\$ 507,059	\$ 581,652
Miscellaneous Income	15,114	17,617
Interest income	9,053	9,127
Total revenues	<u>531,226</u>	<u>608,396</u>
Expenses		
General governmental - judicial	<u>708,244</u>	<u>694,681</u>
Increase (decrease) in net position	<u>(177,018)</u>	<u>(86,285)</u>
Net position - beginning of year	<u>5,309,135</u>	<u>5,395,420</u>
Net position - end of year	<u>\$ 5,132,117</u>	<u>\$ 5,309,135</u>

For the funds maintained by the City Court, total revenues decreased \$77,170, or 13%, from total revenues in 2016 of \$608,396 to total revenues of \$531,226 in 2017. For the funds maintained by the City Court, program revenues decreased \$74,593, or 13%, from program revenue in 2016 of \$581,652 to program revenue of \$507,059 in 2017. The main reason for the decrease in a reduction in fees received from bond revenue and traffic fines.

For the funds maintained by the City Court, total expenses increased \$13,563, or 2%, from total expenses in 2016 of \$694,681 to total expenses of \$708,244 in 2017. The primary reason for the increase is due to an increase in program services expense.

## **FUNDS MAINTAINED BY THE CITY COURT**

For the funds maintained by the City Court, the governmental funds (as presented on pages 10–11) reported a combined fund balance of \$5,043,139 which is a decrease of \$144,403 from last year.

### **Budgetary Highlights**

The City Court adopted a budget for its General Fund and special revenue funds for the year ended December 31, 2017. There were three amendments to the budget during the year. The City Court's budgetary comparison is presented as required supplementary information and shown on pages 21 through 23. Highlights for the General Fund for the year are as follows:

- Revenues were higher than budgeted amounts due to more collections of fees and fines than anticipated.
- Expenses were lower than budgeted amounts due mainly to operating costs and travel costs being under budget.

## CAPITAL ASSETS

At the end of 2017, the City Court had invested \$81,743 in capital assets from those funds maintained by the City Court. (see table 3 below)

**Table 3**  
**Capital Assets At Year End**

	Activities 2017	Activities 2016
Computer equipment	\$ 26,161	\$ 53,232
Office furniture and improvements	55,582	60,981
Total	<u>\$ 81,743</u>	<u>\$ 114,213</u>
This year's major additions included:		
Computer equipment	\$ -	\$ 1,333
Office equipment	14,079	1,450
Total	<u>\$ 14,079</u>	<u>\$ 2,783</u>

More detail information about the capital assets are presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting a fiscal year 2018 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as the revenues available in 2017.

It is anticipated that the governmental funds' fund balance will increase modestly by the close of 2018. For those funds maintained by the City Court, the City Court will use those revenues for program costs which are not budgeted by the City of Shreveport for the City Court. The City Court has added no major new programs or initiatives to be funded in 2018.

## CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Shreveport City Court, Clerk of Court, Judicial Administrators' office at 1244 Texas Avenue, Shreveport, Louisiana 71101.

City of Shreveport City Court  
 Shreveport, Louisiana  
 Statement of Net Position  
 December 31, 2017

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,046,869
Accounts receivable	18,396
Prepaid expenses	7,235
Capital assets (net)	81,743
Total assets	5,154,243
 <b>LIABILITIES</b>	
Accounts payable	22,126
Total liabilities	22,126
 <b>NET POSITION</b>	
Investment in capital assets	81,743
Restricted for:	
Probation	763,428
Pro Bono	18,606
Unrestricted	4,268,340
Total net position	\$ 5,132,117

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
 Shreveport, Louisiana  
 Statement of Activities  
 For the Year Ended December 31, 2017

	Functions / Programs			
	Total	Judicial	Probation	Pro Bono
<b><u>GOVERNMENTAL ACTIVITIES</u></b>				
Expenses:				
Materials and supplies	\$ 10,847	\$ 2,682	\$ 8,165	\$
Travel	85,650	84,541	1,109	
Depreciation	46,549	46,263	286	
Other program services	565,198	179,534	385,664	
Total expenses	<u>708,244</u>	<u>313,020</u>	<u>395,224</u>	
Program revenues:				
Charges for services - fines and fees	507,059	414,846	90,982	1,231
Net program revenue (expenses)	<u>(201,185)</u>	<u>101,826</u>	<u>(304,242)</u>	<u>1,231</u>
General revenues:				
Interest income	9,053			
Miscellaneous	15,114			
Total general revenues	<u>24,167</u>			
Change in net position	(177,018)			
Net position - beginning	<u>5,309,135</u>			
Net position - ending	<u>\$ 5,132,117</u>			

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
 Shreveport, Louisiana  
 Balance Sheet  
 Governmental Funds  
 December 31, 2017

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	Other Governmental - Probation	Other Governmental - Pro Bono	
<b>Assets</b>				
Cash and cash equivalents	\$ 4,251,453	\$ 776,810	\$ 18,606	\$ 5,046,869
Accounts receivable	10,790	7,606		18,396
Total assets	<u>\$ 4,262,243</u>	<u>\$ 784,416</u>	<u>\$ 18,606</u>	<u>\$ 5,065,265</u>
<b>Liabilities</b>				
Accounts payable	\$ 876	\$ 21,250	\$	\$ 22,126
Total liabilities	<u>876</u>	<u>21,250</u>		<u>22,126</u>
<b>Fund balances</b>				
Restricted				
Probation		763,166		763,166
Pro Bono			18,606	18,606
Unassigned	4,261,367			4,261,367
Total fund balances	<u>4,261,367</u>	<u>763,166</u>	<u>18,606</u>	<u>5,043,139</u>
Total liabilities and fund balances	<u>\$ 4,262,243</u>	<u>\$ 784,416</u>	<u>\$ 18,606</u>	

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

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.

7,235

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

81,743

Net position of governmental activities

\$ 5,132,117

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2017

	Major Funds		Non-Major Fund	Total Governmental Funds
	General	Other Governmental - Probation	Other Governmental - Pro Bono	
Revenues:				
Charges for services - fees and fines	\$ 414,846	\$ 90,982	\$ 1,231	\$ 507,059
Interest income	7,704	1,322	27	9,053
Miscellaneous income	9,814	5,300		15,114
Total revenues	432,364	97,604	1,258	531,226
Expenditures:				
Current:				
General government:				
Operating services	179,389	385,664		565,053
Materials and supplies	2,682	8,165		10,847
Travel and other charges	84,541	1,109		85,650
Capital outlay	14,079			14,079
Total expenditures	280,691	394,938		675,629
Excess of revenues over (under) expenditures	151,673	(297,334)	1,258	(144,403)
Fund balances at beginning of year	4,109,694	1,060,500	17,348	5,187,542
Fund balances at end of year	\$ 4,261,367	\$ 763,166	\$ 18,606	\$ 5,043,139

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds \$ (144,403)

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. (145)

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 expense (\$46,549) exceeded capital outlays (\$14,079) in the current period. (32,470)

Change in net position of governmental activities \$ (177,018)

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Statement of Fiduciary Net Position  
Agency Funds  
December 31, 2017

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 2,828,626
Total assets	<u>\$ 2,828,626</u>
Liabilities	
Unsettled deposits due to others	<u>\$ 2,828,626</u>
Total liabilities	<u>\$ 2,828,626</u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2017

## INTRODUCTION

The City of Shreveport City Court represents the court system for the City of Shreveport. It is governed by the four independently elected judges from the four divisions of the City of Shreveport. The City Court maintains certain funds comprised of fines and fees collected which are authorized by various state statutes.

### (1) Summary of Significant Accounting Policies

The City of Shreveport City Court's financial statements are prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the City Court are discussed below.

#### A. Reporting Entity

The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Shreveport for office space, courtrooms, related utility costs, insurance, and substantially all salary and related employee benefit costs. Because the City Court is fiscally dependent on the city, the City Court was determined to be a component unit of the City of Shreveport, the financial reporting entity.

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

#### B. Basic Financial Statements – Government-Wide Statements

The City Court's basic financial statements include both government-wide (reporting the funds maintained by 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. The City Court's cost account, criminal account, probation account, and pro bono account are classified as governmental activities. The City Court does not have any business-type activities. The government-wide statements include all funds of the City Court except for fiduciary funds.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables. The City Court's net position is reported in three parts – investment in capital assets, restricted, and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the City Court's functions. The functions are also supported by general government revenues (interest income). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which must be directly associated with the function. Program revenues included in the Statement of Activities are derived directly from Court users as a fee

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

for services. The net costs (by function) are normally covered by general revenue (interest and miscellaneous income). 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 assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City Court are recorded 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 following fund types are used by the City Court:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund 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 funds of the City Court:
  - a. General funds are the general operating funds of the City Court. They are used to account for all financial resources except those required to be accounted for in another fund. Included in the City Court's general funds are the Cost Account and Criminal fund.
  - b. The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds of the City Court are the Probation fund and Pro Bono fund.
2. Fiduciary funds – Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City Court programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City Court's general funds (cost and criminal funds) and the Probation fund are reported as major funds in the fund financial statements. The probation fund is used to account for funds collected from defendant's to defray the costs of operation of the court.

The City Court's fiduciary funds are presented in the fiduciary fund financial statements by type. The only fiduciary funds of the City Court are agency funds, consisting of the Civil Division fund, Traffic Violations Bureau fund, and the Small Claims fund. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or 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.

1. Accrual:

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

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.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less when purchased. 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 or any other state of the United States, or under the laws of the United States.

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

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 years
Office equipment	5–15 years
Office furniture and improvements	7–20 years

G. Net Position

Government-wide net position is divided into three components: Net investment in capital assets consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by the Court's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors (less related liabilities and deferred inflows of resources). All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Court's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

H. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purposes as a result of constraints imposed by the City Court judges (the City Court's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judges remove those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned - amounts that are constrained by the Court's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2017  
(Continued)

The Court's policy is to apply expenditures against restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

I. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *Deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Court has no transactions that meet the definition of deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Court has no transactions that meet the definition of deferred inflows of resources.

(2) Budgets

The City Court uses the following budget practices:

1. The Judicial Administrator prepares an operating budget for the general funds and each special revenue fund.
2. The budget is available for public inspection prior to adoption.
3. The budget is adopted by the four independently elected judges.
4. The budget may be revised during the year.
5. Appropriations lapse at the end of each fiscal year.

(Continued)

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

(3) Cash and Cash Equivalents

At December 31, 2017, the City Court has cash and cash equivalents (book balances) totaling \$7,875,495 as detailed below.

A. Cash and Cash Equivalents

Petty cash	\$	53
Demand deposits		<u>7,875,442</u>
		<u>\$ 7,875,495</u>

Reconciliation to government-wide Statement of Net Assets:

Cash and cash equivalents	\$	5,046,869
Agency funds (not on government-wide statements)		<u>2,828,626</u>
		<u>\$ 7,875,495</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent bank.

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2017, \$7,376,684 of the government's bank balance of \$7,876,684 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the City Court's name	\$	<u>7,376,684</u>
--	----	------------------

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

(Continued)

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

(4) Leases

The City Court leases certain equipment under operating leases. Rental costs on those leases for the year ended December 31, 2017, were \$28,469.

Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending December 31,		
2018	\$	16,689
2019		11,766
2020		1,965
Total minimum future rentals	\$	30,420

(5) Changes in Agency Fund Balances

A summary of changes in agency funds follows:

	Balance at Jan. 1, 2017	Additions	Reductions	Balance at Dec. 31, 2017
Civil Division	\$ 2,012,488	\$ 1,076,733	\$ (1,006,892)	\$ 2,082,329
Violations Bureau	146,191	1,705,137	(1,707,665)	143,663
Small Claims	583,178	269,926	(250,470)	602,634
	\$ 2,741,857	\$ 3,051,796	\$ (2,965,027)	\$ 2,828,626

(6) Subsequent Events

Subsequent events have been evaluated through May 17, 2018, the date the financial statements were available to be issued.

(7) Risk Management

The City of Shreveport purchases commercial insurance to provide workers compensation and general liability and property insurance for the City Court. There were no significant reductions in insurance coverage from the previous year.

(Continued)

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 December 31, 2017  
 (Continued)

(8) Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance Jan. 1, 2017	Additions	Deletions	Balance at Dec. 31, 2017
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Computer equipment	\$ 234,281	\$	\$ (1,980)	\$ 232,301
Office equipment	291,072	14,079		305,151
Office furniture and improvements	510,135			510,135
Vehicles	38,160			38,160
Total capital assets, being depreciated at historical cost	<u>1,073,648</u>	<u>14,079</u>	<u>(1,980)</u>	<u>1,085,747</u>
Less accumulated depreciation				
Computer equipment	(184,055)	(24,065)	1,980	(206,140)
Office equipment	(258,021)	(14,965)		(272,986)
Office furniture and improvements	(479,199)	(7,519)		(486,718)
Vehicles	(38,160)			(38,160)
Total accumulated depreciation	<u>(959,435)</u>	<u>(46,549)</u>	<u>1,980</u>	<u>(1,004,004)</u>
Total capital assets, being depreciated, net	<u>114,213</u>	<u>(32,470)</u>		<u>81,743</u>
Governmental activities capital assets, net	<u>\$ 114,213</u>	<u>\$ (32,470)</u>		<u>\$ 81,743</u>

Depreciation expense was charged to Governmental Activities as follows:

Judicial expenses	\$ 46,263
Probation	286
	<u>\$ 46,549</u>

(9) Expenditures of the City Court Paid by the City of Shreveport

The City of Shreveport provides office space, courtrooms, related utility costs, insurance, and substantially all salary and related employee benefit costs. No amounts have been recognized in the accompanying financial statements for expenditures paid by the City of Shreveport.

City of Shreveport City Court  
 Shreveport, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for services - fees and fines	\$ 418,000	\$ 401,000	\$ 421,477	\$ 20,477
Interest income	7,055	7,055	7,506	451
Miscellaneous income	10,000	5,000	9,814	4,814
Total revenues	<u>435,055</u>	<u>413,055</u>	<u>438,797</u>	<u>25,742</u>
Expenditures:				
Current:				
General government:				
Operating services	157,950	157,900	143,954	13,946
Materials and supplies	37,000	43,500	39,576	3,924
Travel and other charges	90,000	100,000	84,541	15,459
Capital outlay	14,000	14,000	14,079	(79)
	<u>298,950</u>	<u>315,400</u>	<u>282,150</u>	<u>33,250</u>
Excess of revenues over expenditures	136,105	97,655	156,647	58,992
Fund balances at beginning of year			<u>4,092,659</u>	<u>4,092,659</u>
Fund balances at end of year	<u>\$ 136,105</u>	<u>\$ 97,655</u>	<u>\$ 4,249,306</u>	<u>\$ 4,151,651</u>

City of Shreveport City Court  
Shreveport, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Probation Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Charges for services - fees and fines	\$ 125,000	\$ 93,000	\$ 94,794	\$ 1,794
Interest income	1,600	1,300	1,322	22
Miscellaneous income	2,000	5,000	5,300	300
Total revenues	<u>128,600</u>	<u>99,300</u>	<u>101,416</u>	<u>2,116</u>
<b>Expenditures:</b>				
Current:				
General government:				
Operating services	384,300	387,600	385,664	1,936
Materials and supplies	9,000	9,000	8,165	835
Travel and other charges	1,400	1,400	1,109	291
Total expenditures	<u>394,700</u>	<u>398,000</u>	<u>394,938</u>	<u>3,062</u>
Excess of revenues over expenditures	(266,100)	(298,700)	(293,522)	5,178
Fund balances at beginning of year	<u>1,070,332</u>	<u>1,070,332</u>	<u>1,070,332</u>	
Fund balances at end of year	<u>\$ 804,232</u>	<u>\$ 771,632</u>	<u>\$ 776,810</u>	<u>\$ 5,178</u>

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Required Supplementary Information  
 December 31, 2017

The City Court's budget is adopted on the cash basis for all funds. There were three amendments to the 2017 budget. Budget comparison statements included in the accompanying financial statements include the original and final amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	General Fund	Probation Fund
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 156,647	\$ (293,522)
Adjustments:		
Revenue accruals - net	(6,433)	(3,812)
Expenditure accruals - net	1,459	
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	\$ 151,673	\$ (297,334)

City of Shreveport City Court  
A Component Unit of the City of Shreveport, Louisiana  
Other Supplementary Information  
Schedule of Compensation, Benefits and Other Payments to Agency Heads  
For the Year Ended December 31, 2017

	Agency Heads			
Judge Brian H. Barber	Judge R. Lee Irvin	Judge Pammela Lattier	Judge Sheva M. Sims	

**SECTION I**

**Paid by the City of Shreveport City Court**

<b>Purpose</b>				
Per diem	\$ 1,180	\$ 2,065	\$ 2,419	\$ 4,071
Travel	3,308	4,938	6,480	10,876
Registration fees	45			619

**SECTION II**

**Paid by the City of Shreveport**

<b>Purpose</b>				
Salary	90,000	90,000	90,000	90,000
Benefits-insurance	1,800	7,600	1,800	12,400
Benefits-retirement	35,600	36,100	36,100	35,600
Car allowance	600	600	600	
Registration fees	1,350	1,675	1,675	2,045

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
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Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

## Independent Auditors' Report

City of Shreveport City Court  
Shreveport, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 of Shreveport City Court as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Shreveport City Court's basic financial statements, and have issued our report thereon dated May 17, 2018.

### Internal Control Over Financial Reporting

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

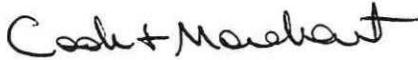
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 City of Shreveport City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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



Cook & Morehart  
Certified Public Accountants  
May 17, 2018

City of Shreveport City Court  
Shreveport, Louisiana  
Schedule for Louisiana Legislative Auditor  
December 31, 2017

**Summary Schedule of Prior Audit Findings**

There were no findings in the prior audit for the year ended December 31, 2016.

**Corrective Action Plan For Current Year Audit Findings**

There are no findings in the current audit for the year ended December 31, 2017.

# COOK & MOREHART

*Certified Public Accountants*

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

Robert Shemwell  
Clerk of Court

Judge R. Lee Irvin  
Judge Brian H. Barber, Sr.  
Judge Pammela Lattier  
Judge Sheva M. Sims

City of Shreveport City Court  
Shreveport, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Shreveport City Court (Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The City of Shreveport City Court's (Court) management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving

- d) **Receipts**, including receiving, recording, and preparing deposits
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Court provided written policies and procedures addressing all of the above.

**Board (or Finance Committee, if applicable)**

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Court's judges are independently elected officials and are not required to have board or finance committee meetings.

**Bank Reconciliations**

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each month examined.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There was evidence of management review of bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Exception:* There was no indication that management had researched 321 outstanding items that were more than 6 months old on two (2) Agency fund bank accounts totaling \$14,397.35.

*Management's Response:* Management will review old outstanding items and follow up as deemed necessary.

### **Collections**

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash was insured under the City of Shreveport's blanket crime insurance policy. Each person responsible for collecting cash was not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account. Each person responsible for collecting cash was not required to share the same cash register or drawer with another employee, except as noted below.

*Exception:* The three (3) employees responsible for collecting cash share the same cash register with another employee.

*Management's Response:* All daily work is reviewed and approved by someone other than those responsible for collecting cash.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Court has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

For the week selected, deposits were processed within one day of collection, except as noted below.

*Exception:* Of the week selected, ten (10) of the sixteen (16) receipts for Agency fund receipts were not deposited into the bank within one (1) day of collection. Those deposits were made within two to three days of receipt.

*Managements Response:* The Court utilizes the services of the Shreveport City Marshal's office for taking deposits to the bank. The Marshal's office collects deposits 2-3 times per week. Deposits are kept locked in safe until deposit is picked up by the Marshal's deputy.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

For the week selected, daily cash collections were completely supported by collection documentation, except as noted below:

*Exception:* The Court does not maintain daily work documentation for deposits of receipts for its governmental funds, which consists of monthly checks from the agency funds and from the Shreveport City Marshal.

*Managements Response:* The Court will consider how to most efficiently obtain and file supporting documentation for those remittances from agency funds and the Marshal's office.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Court has a process specifically defined to determine completeness of collections by a person who is not responsible for collections, except as noted below.

*Exception:* The employee responsible for determining completeness for certain governmental fund receipts is also responsible for collections on those funds.

*Management's Response:* Governmental funds receipts consist of monthly checks from the agency funds administered by the Court and from the Shreveport City Marshal. The Court will consider how to efficiently and effectively implement controls for review of those monthly receipts by someone other than the individual responsible for collections.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided the requested information, along with management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Exception:* The Court does not utilize a formal purchase order system.

*Management's Response:* The Court's policies and procedures do not require utilization of a formal purchase order system. All payments are approved by management prior to being made.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Exception:* The Court does not utilize a formal purchase order system.

*Management's Response:* The Court's policies and procedures do not require utilization of a formal purchase order system. All payments are approved by management prior to being made.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice, except as noted below

*Exception:* The Court does not utilize a formal purchase order system. Three (3) of the twenty-five (25) items tested were purchase transactions. All were supported by approved invoices. Three (3) of the twenty-five (25) items tested were transactions that should have required a receiving report and did not have one.

*Management's Response:* The Court's policies and procedures do not require utilization of a formal purchase order system. All payments are approved by management prior to being made. The Court will implement procedures whereby receiving reports are filed with invoices and supporting documentation when available.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Exception:* The person responsible for processing payments also adds vendors to the disbursement system.

*Management's Response:* All vendor payments are approved by management.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Persons with signatory authority do not have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Persons with signatory authority do not use a signature stamp or signature machine.

*Exception:* Signed checks are not maintained under the control of the signer until mailed. Checks are returned to individual who prepares checks for mailing.

*Management's Response:* All bank statements are opened and reviewed by someone other than the individual who prepares checks for mailing. The Court will consider the efficiency of implementing controls whereby signed checks are not returned to the individual who prepared the checks for mailing.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

For each card selected for testing, there were attributes indicating that someone other than the authorized card holder reviewed and approved the monthly statements and supporting documentation for the items selected for testing.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges or late fees assessed on the cards selected for testing.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Transactions tested were supported by original itemized receipts.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Transactions tested contained documentation of business purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No other documentation is required by the Court's written credit card policy.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

We compared each transaction tested to the agency's written policies and public bid law. There were no exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Court's documentation met the requirements of Article 7, Section 14.

### ***Travel and Expense Reimbursement***

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

The rates established in the Court's policy do not exceed the GSA per diem or mileage rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursements selected were supported with documentation in accordance with Court's written policies.

b) Report whether each expense is supported by:

➤ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Expenses selected for testing contained receipts listing precisely what was purchased.

➤ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The business purpose was documented on each invoice selected for testing.

➤ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Other documentation as required by the Court's written policy was attached to items selected for testing.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Court's documentation met the requirements of Article 7, Section 14.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

For each expense selected for testing, the expense and related documentation was reviewed and approved in writing by someone other than the person receiving reimbursement, except as noted below.

*Exception:* One (1) of the three (3) travel expenses tested was not approved in writing by someone other than the person receiving the reimbursement.

*Management's Response:* All travel reimbursements are approved by management prior to being paid.

## **Contracts**

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested information, along with management's representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were formal, written contracts supporting the services arrangement and the amounts paid for the contracts selected for testing.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Exception:* For one of the contracts selected for testing, the Court did not solicit quotes as best practice. The contract was for a maintenance agreement on existing equipment.

*Management's Response:* The Court will solicit quotes as a best practice when deemed feasible.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

None of the contracts selected for testing were amended during the testing period.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The largest payment selected for testing from each of the five vendor contracts was supported by invoices that agreed with the terms of the contract.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Judge's approval was not required for the contracts selected for testing.

### ***Payroll and Personnel***

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

The Court's audit does not contain any payroll/personnel costs. All payroll/personnel costs for Court employees are paid by the City of Shreveport.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

### ***Ethics (excluding nonprofits)***

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

There are no employees paid by the Court. All Court employees are employees of the City of Shreveport.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no alleged ethics violations reported to management.

***Debt Service (excluding nonprofits)***

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Court did not issue any new debt during the current fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Court has no outstanding debt.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

***Other***

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

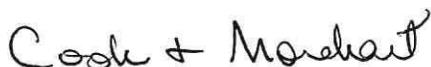
The Court has posted on its premises and website the notice required by R.S. 24:523.1.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

We have not observed or identified any exceptions regarding management's representations in the above procedures.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Cook & Morehart  
Certified Public Accountants  
May 17, 2018