

**CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA**

Oakdale, Louisiana

**Annual Financial Report and Independent
Auditors' Report**

Year Ended December 31, 2017

***Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana***

**CITY COURT OF OAKDALE AND WARD 5
OF ALLEN PARISH, LOUISIANA**

Annual Financial Report for Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

HONORABLE JUDI ABRUSLEY
CITY JUDGE
CITY COURT OF OAKDALE
AND WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

June 29, 2018

Report on the Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the City Court of Oakdale and Ward 5 of Allen Parish, Louisiana (the "City Court") as of and for the year ended December 31, 2017, and the related notes to the basic 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 basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing 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 basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide the basis for our audit opinions.

Independent Auditors' Report
Honorable Judi Abrusley
City Judge
City Court of Oakdale and Ward 5 of Allen Parish, LA
June 29, 2018
Page 2

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the only major fund of the City Court as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-9, the budgetary comparison information on page 37, the schedule of City Court's proportionate share of net pension liability on page 38, the schedule of City Court's contributions on page 39, and the related notes to the required supplementary information on page 40 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.

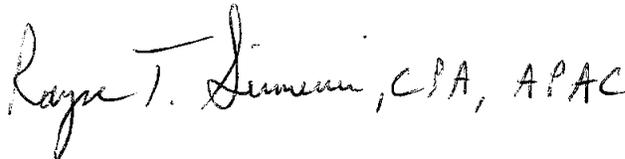
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court's basic financial statements. The other information on pages 43-45 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information 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 June 29, 2018, on our consideration of the 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 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 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.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana



CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Management's Discussion and Analysis

Within this section of the City Court of Oakdale and Ward 5 of Allen Parish, Louisiana annual financial report, the City Court's management is pleased to provide this narrative discussion and analysis of the financial activities of the City Court for the fiscal year ended December 31, 2017. The City Court's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The City Court's assets exceeded its liabilities by \$99,544 and \$53,808 (net position) for the fiscal years ended December 31, 2017 and 2016, respectively.
- Total revenues of \$330,934 exceeded total expenses of \$285,198 which resulted in a 2017 surplus of \$45,736. In the prior year, total revenues of \$270,021 were exceeded by total expenses of \$312,426, which resulted in a 2016 deficit of \$42,405.
- Total net position is comprised of the following:
 - (1) Invested in capital assets of \$24,478 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt, if any, related to the purchase of capital assets. In comparison, as of December 31, 2016, the City Court's net investment in capital assets was \$29,673.
 - (2) Unrestricted net position, representing the portion of net position available to maintain the City Court's continuing obligations to citizens and creditors, amounted to surpluses of \$75,066 and \$24,135 for the fiscal years ended December 31, 2017 and 2016, respectively.
- The City Court's governmental funds reported total ending fund balance of \$133,958 this year. This compares to the prior year ending fund balance of \$89,536, reflecting an increase of \$44,422 during 2017. For the prior year ended December 31, 2016, a decrease of \$31,645 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$133,958, or 47% of total General Fund expenditures and 40% of total General Fund revenues.
- Overall, the City Court financial position has improved and is stable as a result of the required funding of the City Court's operational expenses by the City of Oakdale. The unassigned governmental fund balance increased by \$44,442 during the current year.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the City Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City Court also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The City Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Management's Discussion and Analysis

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City Court's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City Court as a whole is improving or deteriorating. Evaluation of the overall health of the City Court would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City Court's distinct activities or functions on revenues provided.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City Court's most significant funds rather than the City Court as a whole.

The City Court uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City Court's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 15 through 19 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 20 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the management's discussion and analysis (beginning on page 5), the general fund budgetary comparison schedule (on page 37) which demonstrates compliance with the City Court's adopted and final amended budget, and the pension-related schedules (beginning on page 38) as "required supplementary information".

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information concerning the City Court's fiduciary funds and a schedule of compensation, benefits and other payments to the Chief Executive Officer/Judge. These statements reflect greater detail on the activity

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Management's Discussion and Analysis

in the City Court's fiduciary funds. Other supplementary information regarding the fiduciary funds can be found on pages 43 and 44 of this report. The schedule of compensation, benefits and other payments to the chief executive officer is on page 45 of this report and is required by Louisiana Revised Statutes 24:513(A)(3).

Financial Analysis of the City Court as a Whole

The City Court's net position at December 31, 2017 and 2016 was \$99,544 and \$53,808, respectively. The following table provides a summary of the City Court's net position:

	<u>2016</u>		<u>2017</u>	
Assets and Deferred Outflows of Resources:				
Current assets	\$99,468	77%	\$139,700	85%
Capital assets	<u>29,673</u>	<u>23</u>	<u>24,478</u>	<u>15</u>
Total assets	<u>129,141</u>	<u>100%</u>	<u>164,178</u>	<u>100%</u>
Deferred outflows of resources	<u>12,664</u>	<u>100%</u>	<u>5,692</u>	<u>100%</u>
Liabilities and Deferred Inflows of Resources:				
Current liabilities	9,932	11%	5,742	8%
Long-term liabilities	<u>77,348</u>	<u>89</u>	<u>63,420</u>	<u>92</u>
Total liabilities	<u>87,280</u>	<u>100%</u>	<u>69,162</u>	<u>100%</u>
Deferred inflows of resources	<u>717</u>	<u>100%</u>	<u>1,164</u>	<u>100%</u>
Net position:				
Investment in capital assets, net of debt	29,673	55%	24,478	25%
Unrestricted	<u>24,135</u>	<u>45</u>	<u>75,066</u>	<u>75</u>
Total net position	<u>\$ 53,808</u>	<u>100%</u>	<u>\$ 99,544</u>	<u>100%</u>

The City Court continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio was 24.33 to 1 and 10.01 to 1 in 2017 and 2016, respectively.

CITY COURT OF OAKDALE AND
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Management's Discussion and Analysis

The following table provides a summary of the City Court's changes in net position:

Revenues:	2016		2017	
Program:				
Charges for services/court costs	\$ 61,396	23%	\$ 105,415	32%
Operating grants and contributions	208,600	77	225,494	68
General:				
Interest	25	-	25	-
 Total revenues	 270,021	 <u>100%</u>	 330,934	 <u>100%</u>
 Program expenses:				
Court administration	312,426	100%	285,198	100%
 Change in net position	 (42,405)		 45,736	
 Beginning net position	 96,213		 53,808	
Ending net position	\$ <u>53,808</u>		\$ <u>99,544</u>	

Governmental Revenues

Note that program revenues covered 116% and 86% of governmental operating expenses in 2017 and 2016, respectively.

Governmental Functional Expenses

The total function of the City Court is the administration of law. Of the total cost, depreciation on the furniture and equipment was \$5,195 or 2% and \$6,100 or 2% of total expenses in 2017 and 2016, respectively.

Financial Analysis of the City Court's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$133,958 and \$89,536 in 2017 and 2016, respectively.

The unassigned fund balance increased by \$44,422 during the current year.

Budgetary Highlights

The General Fund – When the original budget was adopted, it was anticipated that the total revenues were going to decrease mainly due to a decrease in intergovernmental revenue. It was also anticipated that the total expenditures were going to increase mainly due to an increase in travel. The budget was amended once during the year. When the budget was amended, it was anticipated that revenues would increase mainly due to an increase in intergovernmental revenues. It was also anticipated that expenditures were going to increase mainly due to an increase in salaries and related benefits. Variances were positive overall.

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Management's Discussion and Analysis

Capital Assets and Debt Administrators

Capital assets

The City Court's investment in capital assets, net of accumulated depreciation as of December 31, 2017 and 2016, were \$24,478 and \$29,673, respectively. See Note 4 for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2016</u>	<u>2017</u>
Depreciable assets:		
Furniture, fixtures, and equipment	\$ 71,825	\$ 71,825
Less: accumulated depreciation	<u>42,152</u>	<u>47,347</u>
Book value-depreciable assets	\$ <u>29,673</u>	\$ <u>24,478</u>
Percentage depreciated	<u>59%</u>	<u>66%</u>
Book value-all capital assets	\$ <u>29,673</u>	\$ <u>24,478</u>

Long-term debt

The City Court had no long-term debt during 2017 other than net pension liability.

Contacting the City Court's Financial Management

This financial report is designed to provide a general overview of the City Court's finances, comply with finance-related laws and regulations, and demonstrate the City Court's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City Court's office, Judge Judi Abrusley, at (318) 335-1121.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Statement of Net Position
December 31, 2017

		<u>Primary Government</u>
		<u>Governmental Activities</u>
ASSETS		
Cash and certificates of deposit	\$	139,700
Capital assets, net		24,478
Total Assets		<u>164,178</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension plan		5,692
Total Deferred Outflows of Resources		<u>5,692</u>
LIABILITIES		
Accounts payable		4,573
Accrued payroll liabilities		1,169
Net pension liability		63,420
Total Liabilities		<u>69,162</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension plan		1,164
Total Deferred Inflows of Resources		<u>1,164</u>
NET POSITION		
<i>Invested in capital assets, net of related debt</i>		24,478
<i>Unrestricted</i>		75,066
Total Net Position	\$	<u>99,544</u>

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

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana

Statement of Activities

For the Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenue</u>
					<u>Primary Government</u>
					<u>Governmental Activities</u>
Primary Government					
Governmental Activities:					
Court administration	\$ 285,198	\$ 105,415	\$ 225,494	\$ --	\$ 45,711
Total Primary Government	<u>\$ 285,198</u>	<u>\$ 105,415</u>	<u>\$ 225,494</u>	<u>\$ --</u>	<u>\$ 45,711</u>
		General Revenues:			
					25
					<u>25</u>
					45,736
					<u>53,808</u>
					<u>\$ 99,544</u>

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

FUND FINANCIAL STATEMENTS (FFS)

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Balance Sheet
Governmental Fund
December 31, 2017

	General Fund
ASSETS	
Cash and certificates of deposit	\$ 139,700
<i>Total Assets</i>	<i>139,700</i>
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
<i>Total Assets and Deferred Outflows of Resources</i>	<i>\$ 139,700</i>
LIABILITIES	
Accounts payable	\$ 4,573
Accrued payroll liabilities	1,169
<i>Total Liabilities</i>	<i>5,742</i>
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	--
<i>Total Liabilities and Deferred Inflows of Resources</i>	<i>5,742</i>
FUND BALANCE	
Unassigned	133,958
<i>Total Fund Balance</i>	<i>133,958</i>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<i>\$ 139,700</i>

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

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2017

Total Fund Balance - Governmental Fund	\$	133,958
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.		24,478
Pension related changes in net pension liability that is only reported in of Statement of Net Position.		(447)
Pension related changes in net pension liability that is only reported in the Statement of Net Position.		4,975
Net pension liability reflected in the Statement of Net Position, but not in governmental fund balance sheet.		(63,420)
Total Net Position-Governmental Activities	\$	<u>99,544</u>

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

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2017

		General Fund
Revenues		
Court Costs and Fine Revenue	\$	105,415
Interest Income		25
Intergovernmental Income		225,494
Total Revenues		330,934
Expenditures		
Current:		
Contract Service		3,998
Computer		5,164
Dues & Subscriptions		2,624
Education		2,595
Insurance		287
Office		4,913
Payroll Taxes		9,978
Postage		3,571
Professional Fees		10,185
Retirement		49,197
Salaries		173,080
Telephone		8,231
Travel		12,689
Total Expenditures		286,512
Net Change in Fund Balance		44,422
<i>Fund Balance at Beginning of Period</i>		<i>89,536</i>
Fund Balance at End of Period	\$	133,958

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

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance to Statement of Activities
For the Year Ended December 31, 2017

Total Net Change in Fund Balance - Governmental Fund	\$	44,422
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.		(5,195)
Pension expense is based on employer contributions in the government fund Statement of Revenues, Expenditures, and Changes in Fund Balance and actuarial calculated expense on the Statement of Activities.		6,509
Change in Net Position - Governmental Activities	\$	<u>45,736</u>

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

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Oakdale, Louisiana

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$72,436</u>
LIABILITIES	
Advanced costs/bond deposits	<u>\$72,436</u>

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

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Notes to the Basic Financial Statements

December 31, 2017

(1) Summary of Significant Accounting Policies

The City Court of Oakdale and Ward 5 of Allen Parish, Louisiana was established under Louisiana Revised Statutes 13:1870 et. seq. Its territorial jurisdiction extends throughout Ward 5 of Allen Parish in which the City of Oakdale is located. The City Court is composed of a City Court Judge (elected for a term of six years) and a city clerk (appointed by the City Court Judge). The City Court Judge assesses court costs in civil and criminal matters including traffic violations. These costs are utilized in the operation of the City Court. Costs are deposited into separate special accounts for the City Court.

The accounting and reporting policies of the City Court conform to generally accepted accounting principles as applied to governments and to the requirements of the industry audit guide, *Audits of State and Local Governments*. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The following is a summary of certain significant accounting policies:

A. Basis of Presentation

The accompanying basic financial statements of the City Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have also been prepared in conformity with GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the City Court as a whole. These statements include all the financial activities of the City Court except for fiduciary-agency funds. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchanges occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions."

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include court cost income and intergovernmental revenues. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Notes to the Basic Financial Statements

December 31, 2017

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

Governmental Fund -

The General Fund is the principal fund of the City Court and is used to account for the operations of the City Court. The various fees and charges due to the City Court are accounted for in this fund. General operation expenditures are paid from this fund.

Fiduciary Funds -

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the City Court are agency funds. The agency funds (Civil Court Fund, Cash Bond Fund, and Fines and Restitution Fund) account for assets held by the City Court as an agent for outside parties, including other governments, or on behalf of other funds within the government.

B. Financial Reporting Entity

The City Court Judge and Ward Marshal are independently elected officials and each represents a separate reporting entity.

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

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

The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the Ward Marshal, the City of Oakdale, or the Allen Parish

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Police Jury, the general government services provided by those governmental units, or any other governmental units.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and statement of activities, the governmental activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. Equity is reported as net position.

All governmental funds utilize a “current financial resources” measurement focus. Under this measurement focus, only current financial assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. These funds use fund balances as their measure of available spendable financial resources at the end of the period. This approach is then reconciled, through adjustment, to a government-wide view of City Court operations.

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental funds utilize the modified accrual basis of accounting, under which revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) are recorded when the related fund liability is incurred, as under accrual accounting, except interest and principal payments on general long-term debt are recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues

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Court costs, penalties, fines, and miscellaneous revenues are recorded in the year in which they are received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time of purchase.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. Budgetary Accounting

A general fund budget is adopted on a basis consistent with generally accepted accounting principles. On or before December 15 of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The proposed budget is for a particular fiscal year presented to the City Court Judge for review and adoption by the end of the preceding year. Any changes in the budget must be within the revenues and reserves estimated. Expenditures may not legally exceed budgeted appropriations at the activity level. The original budget for 2017 was not amended during the year.

E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The City Court maintains a threshold level of \$750 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office Furniture	5-7 Years
Equipment	5-10 Years
Improvements	10-20 Years

F. Compensated Absences

The City Court has the following policy relating to vacation and sick leave:

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Employees of the City Court earn two to three weeks of vacation and 10 days of sick leave each year, depending on length of service. Vacation is cumulative and sick leave must be used in the year earned.

The City Court's recognition and measurement criteria for compensated absences follow:

- a. The employee's rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.
- c. The accrued compensated absences at December 31, 2017 amounted to \$0.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City Court as an extension of formal budgetary integration in the funds.

H. Equity Classification

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

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

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified follows:

- a. 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.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the City Court Judge. The City Court Judge is the highest level of decision-making authority for the City Court. Commitments may be established, modified, or rescinded only by the City Court Judge.

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- d. Assigned -- amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City Court's adopted policy, only the City Court Judge may assign amounts for specific purposes.
- e. Unassigned -- all other spendable amounts.

It is the Court's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Court uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

I. Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

J. Advanced Costs

Advanced costs represent money received in connection with civil suits that is accounted for in the Civil Court Fund. The parties in each civil suit are required to make advance payments to cover the cost charged by the City Court in processing the suit. These cash advances remain in the advance costs account until the court earns them, at which time they are disbursed to the proper entities, or until the case has been dismissed and the remaining amount is refunded.

K. Cash and Certificates of Deposit

Cash includes amounts in demand deposits and time deposits. Under state law (LA. R. S. 33:2955), the City Court may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Louisiana law and national banks having a branch office in Louisiana. 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.

L. Revenues, Expenditures, and Expenses

Operating revenues

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Fees, charges, court costs, and fines are recorded when the City Court is entitled to the funds.

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

Expenditures/Expenses

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

M. Subsequent Events

Management has evaluated subsequent events through June 29, 2018, the date the financial statements were available to be issued.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System (LASERS) and additions to/deductions from LASERS's fiduciary net position have been determined on the same basis as they are reported by LASERS. 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.

O. 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 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.

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.

(2) City Court Operations

Fines collected by the City Court are required to be remitted to the City of Oakdale, LA, when prosecutions are on behalf of the City, to the Allen Parish Police Jury when the prosecutions are on behalf of the state or parish, and to other various state agencies as required by law.

The City Court Judge assesses court costs in both criminal and civil cases under the authority of Louisiana Revised Statutes 13:2110, 13:841 and 13:1899. Costs collected in criminal matters (including traffic violations) are used to pay the operational expenses of the City Court. Court costs collected in civil cases are paid to the City Court Judge, the Ward Marshal and other agencies.

The City of Oakdale, LA and the Allen Parish Police Jury pay salary payments directly to the City Court Judge and the City Court's employees. The City Court supplements the City Court employees' salaries. The City Court is provided office and courtroom space by the City of Oakdale without charge.

(3) Cash and Certificates of Deposit

Under state law, the City Court may deposit funds with a fiscal agent bank located in the parish or congressional district that is organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City Court may also invest in United States bonds, treasury notes, or certificates

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and time deposits of state banks organized under Louisiana law and national banks having a branch office in Louisiana. At December 31, 2017, the City Court has cash and certificates of deposit (book balances) totaling \$212,136.

	Governmental Funds	Fiduciary Funds	Total
Demand deposits	\$89,113	\$ 72,436	\$161,549
Certificates of deposit	<u>50,587</u>	<u>-</u>	<u>50,587</u>
Total	<u>\$139,700</u>	<u>\$ 72,436</u>	<u>\$212,136</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City Court will not recover amounts held on deposit with the institution. Under state law, 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 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. Deposit balances (bank balances) at December 31, 2017 totaled \$211,235 and are fully secured by federal deposit insurance and therefore not exposed to custodial credit risk.

(4) Changes in Capital Assets

A summary of changes in capital assets follows:

	Balance <u>12/31/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/17</u>
Furniture, fixtures and equipment	\$ 71,825	-	-	\$ 71,825
Less: Accumulated Depreciation	<u>42,152</u>	<u>5,195</u>	<u>-</u>	<u>47,347</u>
Capital Assets, Net	<u>\$ 29,673</u>	<u>\$ (5,195)</u>	<u>\$ -</u>	<u>\$ 24,478</u>

Depreciation expense in the amount of \$5,195 was charged to court administration.

(5) Pension Plan

Louisiana State Employees' Retirement System

On behalf of the City Court Judge, the City Court civil fund contributes to the Louisiana State Employees' Retirement System (the System), a cost sharing multiple-employer, public employee retirement system (LASERS), controlled and administered by a separate board of trustees. All state employees except certain classes excluded by statute become members of the System as a condition of employment unless they elect to continue as a contribution member in any other retirement system for which they are eligible for membership. Elected officials and officials appointed by the governor may, at their option, become members of the System.

The System also provides retirement, death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Louisiana State Employees' Retirement System issues a

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publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (800) 256-3000 or online at <https://lasersonline.org>.

Covered employees are required by state statute to contribute 11.5 percent of their salaries to the plan. The City Court is required by statute to contribute 38.0 percent from January 1, 2017 to June 30, 2017 and 40.1 percent from July 1, 2017 to December 31, 2017 of all covered salaries. The City Court contributions to the System for the years ended December 31, 2017, 2016 and 2015 were \$38,049, \$35,858 and \$32,966, respectively.

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

At December 31, 2017, the City Court reported a liability of \$63,420 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017 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 plan relative to the projected contributions of all participating governmental agencies, actuarially determined. At June 30, 2017, the City Court's proportion was 0.00090%, which was a decrease of 0.00009% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City Court recognized pension expense of \$5,830. At December 31, 2017, the City Court recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,164
Net difference between projected and actual earnings pension plan investments	2,062	-
Changes of assumptions	251	-
Changes in proportion	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>3,379</u>	<u>-</u>
Total	<u>\$ 5,692</u>	<u>\$ 1,164</u>

The \$3,379 reported as deferred outflows of resources related to pensions resulting from the City Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended December 31:	
2018	\$ (255)
2019	1,855
2020	825
2021	(1,276)
2022	-
Thereafter	-
Total	<u>\$ 1,149</u>

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.70%, net of investment expense
Expected Remaining Service Lives	3 years
Inflation rate	2.75%
Salary increases, including inflation and merit	2.8% to 5.3% for Judges

Plan Description

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

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. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. 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. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

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

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certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement 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 five 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 twelve 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 1.0% 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.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, 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. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

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.

Deferred Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). 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

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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.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits

Generally, active members with ten 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.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty 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 ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

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 (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Mortality rate. The mortality rate assumption for non-disabled members used was set based upon the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. The mortality rate assumption for disabled members used was set based upon the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement. Termination, disability and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members. The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provision for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the current 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.

Sensitivity of the City Court's proportionate share of 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 discount rate of 7.70% 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 (6.70%) and one percentage point higher 8.70% that the current rate:

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	1% Decrease (6.70%)	Discount Rate (7.70%)	1% Increase (8.70%)
City Court's proportionate share of the net pension liability	\$79,528	\$63,420	\$49,594

Changes in Net Pension Liability – The changes in net pension liability for the year ended December 31, 2017 were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources of \$1,164 for the year ended December 31, 2017.

Net Difference between Projected and Actual Earnings on Pension Plan Investments:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed four year period. The difference between projected and actual earnings on pension plan investments resulted in a deferred outflow of resources of \$2,062 for the year ended December 31, 2017.

Changes in Assumptions or Other Inputs:

Changes of assumption about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes in assumptions or other inputs resulted in a deferred outflow of resources of \$2,51 for the year ended December 31, 2017.

Municipal Employees' Retirement System of Louisiana

On behalf of eligible employees, other than the City Court Judge, the City Court contributes to the Municipal Employees' Retirement System of Louisiana (the System), a cost sharing multiple-employer, defined benefit pension plan administered by a separate board of trustees. The System is composed to two distinct plans (Plan A and Plan B). Employees are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Notes to the Basic Financial Statements

December 31, 2017

The System also provides death and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Municipal Employees' Retirement System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Blvd., Baton Rouge, LA 70809 or by calling (225) 925-4810 or on-line at www.mersla.com.

Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary to the plan. The City Court is required by the same statute to contribute an actuarially determined rate. The rate was 22.75 percent from January 1, 2017 to June 30, 2017 and 24.75 percent from July 1, 2017 to December 31, 2017. In addition, contributions to the System include ¼ of one percent of the taxes shown to be collectible by the tax rolls of each respective parish, except Orleans Parish. The tax dollars are divided between Plan A and Plan B based proportionately on the salaries of active members of each plan. The contribution requirements of plan members and the City Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City Court's contributions to Plan A of the System for the years ended December 31, 2017, 2016 and 2015 were \$18,764, \$17,086, and \$12,217, respectively.

(6) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits is as follows:

	Unsettled Deposits <u>12/31/16</u>	<u>Additions</u>	<u>Reductions</u>	Unsettled Deposits <u>12/31/17</u>
Agency funds:				
Civil Court Fund	\$ 39,448	\$ 57,571	\$ 46,707	\$ 50,312
Cash Bond Fund	12,419	13,331	3,626	22,124
Fines and Restitution Fund	-	<u>407,322</u>	<u>407,322</u>	-
Total	<u>\$ 51,867</u>	<u>\$ 478,224</u>	<u>\$ 457,655</u>	<u>\$ 72,436</u>

(7) Risk Management

The City Court is exposed to various risks of loss related to torts, damage to, theft of and destruction of assets; errors and omissions; injuries to employees and the public; and natural disasters. The City Court is covered by the City of Oakdale's commercial insurance, including workers' compensation and employee health and accident insurance. No claims from these risks have exceeded commercial insurance coverage in any of the past three years.

(8) Expenditures of the City Court Paid by the City of Oakdale, LA

The City Court is located in Oakdale City Hall. The City of Oakdale, LA, as required by statute, pays the cost of maintaining and operating the City Court. These expenditures, except those noted in Note 9, are not included in the accompanying basic financial statements.

(9) On-Behalf Payments of Fringe Benefits and Salaries

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Notes to the Basic Financial Statements

December 31, 2017

GASB Statement No. 24 establishes accounting and financial reporting for on-behalf payments for fringe benefits and salaries. The following amounts were paid on-behalf of the City Court for employee salaries and fringe benefits during 2017:

Allen Parish Police Jury	\$ 28,271
City of Oakdale	108,548
Judicial Branch of Louisiana	<u>73,305</u>
Total	<u>\$210,124</u>

In accordance with GASB Statement No. 24, these on-behalf payments are included as intergovernmental revenues and expenditures in the accompanying financial statements. Included in the above on-behalf payments are \$50,218 in employer pension contributions to pension plans for which the City Court is not legally responsible. Those plans include the Louisiana State Employees Retirement System (\$30,433 in employer contributions) and the Municipal Employees Retirement System (\$19,785 in employer contributions).

REQUIRED SUPPLEMENTARY INFORMATION

City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
				<u>Final to Actual</u>
Revenues				
Court Cost and Fine Revenue	\$ 50,000	\$ 60,000	\$ 105,415	\$ 45,415
Interest Income	20	20	25	5
Intergovernmental Revenue	<u>170,000</u>	<u>195,000</u>	<u>225,494</u>	<u>30,494</u>
Total Revenues	220,020	255,020	330,934	75,914
Expenditures				
Current:				
Contract Service	2,000	4,000	3,998	2
Computer	6,000	3,000	5,164	(2,164)
Dues & Subscriptions	1,500	3,500	2,624	876
Education	6,000	6,000	2,595	3,405
Insurance	500	300	287	13
Library	1,500	500	--	500
Office	7,500	6,000	4,913	1,087
Payroll Taxes	8,000	9,500	9,978	(478)
Postage	3,000	4,200	3,571	629
Professional Fees	15,000	19,000	10,185	8,815
Rent	1,000	--	--	--
Repairs & maintenance	500	500	--	500
Retirement	43,000	50,000	49,197	803
Salaries	175,000	215,000	173,080	41,920
Telephone	11,000	8,000	8,231	(231)
Travel	20,000	12,000	12,689	(689)
Uniforms	800	800	--	800
Capital Outlay	<u>10,000</u>	<u>5,000</u>	<u>--</u>	<u>5,000</u>
Total Expenditures	312,300	347,300	286,512	60,788
Net Change in Fund Balance	(92,280)	(92,280)	44,422	136,702
<i>Fund Balance at Beginning of Period</i>	<u>89,536</u>	<u>89,536</u>	<u>89,536</u>	<u>--</u>
Fund Balance at End of Period	\$ (2,744)	\$ (2,744)	\$ 133,958	\$ 136,702

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

CITY COURT OF OAKDALE, LOUISIANA AND
WARD 5 OF ALLEN PARISH, LOUISIANA
General Fund

Schedule of City Court's Proportionate Share of
Net Pension Liability

Louisiana State Employee Retirement System (LASERS)

Last 10 Fiscal Years

Fiscal Year Ended December 31:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
City Court's proportion of the net pension liability (asset)	.00090%	.00099%	.00079%	Unavailable						
City Court's proportionate share of the net pension liability (asset)	\$63,420	\$77,348	\$53,460	Unavailable						
City Court's covered-employee payroll	\$19,577	\$16,740	\$18,665	Unavailable						
City Court's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	323.95%	462.06%	286.42%	Unavailable						
Plan fiduciary net position as a percentage of the total pension liability	62.54%	57.70%	62.70%	Unavailable						

CITY COURT OF OAKDALE, LOUISIANA AND
WARD 5 OF ALLEN PARISH, LOUISIANA
General Fund

Schedule of City Court's Contributions

Louisiana State Employee Retirement System (LASERS)

Last 10 Fiscal Years

Fiscal Year Ended December 31:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$7,616	\$6,370	\$6,997	Unavailable						
Contributions in relation to the contractually required contribution	\$7,616	\$6,370	<u>\$6,997</u>	Unavailable						
Contribution deficiency (excess)	<u>\$-----</u>	<u>\$-----</u>	<u>\$-----</u>	Unavailable						
City Court's covered-employee payroll	\$19,577	\$16,740	\$18,665	Unavailable						
Contribution as a percentage of cover-employee payroll	38.90%	38.05%	37.49%	Unavailable						

CITY COURT OF OAKDALE, LOUISIANA AND
WARD 5 OF ALLEN PARISH, LOUISIANA

General Fund

Notes to Required Supplementary Information
for the Year Ended June 30, 2017

(1) Excess of Expenditures Over Appropriations

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the City Court. Budgeted amounts included in the accompanying financial statements include the original adopted budget and the final amended budget amounts. The budget was amended once during the year.

OTHER SUPPLEMENTARY INFORMATION

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

FIDUCIARY FUNDS
Agency Funds

Fines and Restitution Fund -

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

Civil Court Fund -

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

Cash Bond Fund -

To account for the collection and disbursement of bonds in criminal proceedings.

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Combining Statement of Fiduciary Net Position
Fiduciary Fund Type – Agency Funds
December 31, 2017

	Civil Court Fund	Cash Bond Fund	Fines and Restitution Fund	Totals
ASSETS				
Cash	\$ <u>50,312</u>	\$ <u>22,124</u>	\$ _____	\$ <u>72,436</u>
Total Assets	<u>50,312</u>	<u>22,124</u>	_____	<u>72,436</u>
LIABILITIES				
Advanced costs	50,312	-	-	50,312
Bond deposits	_____	<u>22,124</u>	_____	<u>22,124</u>
Total Liabilities	<u>\$ 50,312</u>	<u>\$ 22,124</u>	\$ _____	<u>\$ 72,436</u>

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Fund Type – Agency Funds
Year Ended December 31, 2017

	Civil Court Fund	Cash Bond Fund	Fines and Restitution Fund	Totals
Balances, beginning of year	\$ <u>39,448</u>	\$ <u>12,419</u>	\$ -	\$ <u>51,867</u>
Additions:				
Deposits –				
Civil suits and garnishments	57,571	-	-	57,571
Fines and court costs	-	-	407,322	407,322
Cash bonds	<u>-</u>	<u>13,331</u>	<u>-</u>	<u>13,331</u>
Total additions	<u>57,571</u>	<u>13,331</u>	<u>407,322</u>	<u>478,224</u>
Subtotal	97,019	25,750	407,322	530,091
Reductions:				
Deposits settled to –				
Allen Parish Clerk of Court	6,520	-	-	6,520
Allen Parish Police Jury	-	-	21,548	21,548
Allen Parish District Attorney	-	-	8,591	8,591
City of Oakdale	-	-	90,004	90,004
Indigent Defender Fund	-	-	80,816	80,816
Miscellaneous	2,992	3,626	2,645	9,263
Oakdale City Court	1,232	-	105,702	106,934
Oakdale City Court – Judge	33,139	-	-	33,139
Other State Agencies	96	-	40,472	40,568
Ward Marshal	<u>2,728</u>	<u>-</u>	<u>57,544</u>	<u>60,272</u>
Total reductions	<u>46,707</u>	<u>3,626</u>	<u>407,322</u>	<u>457,655</u>
Balances, end of year	\$ <u>50,312</u>	\$ <u>22,124</u>	\$ -	\$ <u>72,436</u>

CITY COURT OF OAKDALE AND
WARD 5 OF ALLEN PARISH, LOUISIANA
Oakdale, Louisiana

Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer/Judge

Year Ended December 31, 2017

Chief Executive Officer: Judge Judi F. Abrusley

<u>Purpose</u>	<u>Amount</u>
Paid by City Court of Oakdale and Ward 5 of Allen Parish:	
Salary	19,577
Benefits – Retirement	7,616
Benefits – Cell Phone	1,418
Per Diem	826
Reimbursements	470
Conference Travel	2,055
Continuing Education	1,375
Paid by the City of Oakdale:	
Salary	18,083
Benefits – Retirement	7,142
Paid by the Allen Parish Police Jury:	
Salary	12,000
Benefits – Retirement	4,680
Paid by Judicial Branch of Louisiana:	
Salary	47,644
Benefits – Retirement	18,610
Benefits – Other	6,394



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INDEPENDENT AUDITORS' 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

June 29, 2018

Honorable Judge Judi Abrusley
City Court of Oakdale and Ward 5 of Allen Parish, Louisiana

We have audited, 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, the basic financial statements of the governmental activities and the major funds of the City Court of Oakdale and Ward 5 of Allen Parish, Louisiana (the "City Court"), as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the City Court's basic financial statements and have issued our report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the 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 basic 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 basic 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as finding 2017-1 I/C, that we consider to be a significant deficiency.

Honorable Judge Judi Abrusley
City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
June 29, 2018
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court's basic 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*.

City Court's Response to Findings

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

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of the City Court, others within the entity, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC

Royce T. Scimemi, CPA, APAC

CITY COURT OF OAKDALE AND WARD 5
OF ALLEN PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2017

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Control deficiencies(s) identified that are
not considered to be material weakness(es)? X yes ___ none reported

Noncompliance material to financial
statements noted? ___ yes X no

Findings – Financial Statement Audit

Finding #2017-1 I/C:
Significant deficiency

Inadequate Segregation of Duties

Because of the lack of a large staff for entities of this type and size, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to solve due to the funding limitations of the City Court. We recommend that the City Court Judge take an active interest in the review of all of the financial information.

Federal Award Findings and Questioned Costs

-None

CITY COURT OF OAKDALE AND WARD 5
OF ALLEN PARISH, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
AUDIT FINDINGS AND
RESPONSES (UNAUDITED)

Year Ended December 31, 2017

Finding #2017-1 I/C:

Segregation of Duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Contact Person: Honorable Judge Judi Abrusley

CITY COURT OF OAKDALE AND WARD 5
OF ALLEN PARISH, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended December 31, 2017

Finding #2016-1 I/C:

Segregation of Duties:

Contact Person: Honorable Judge Judi Abrusley

Corrective Action Taken: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Judge Judi Abrusley
City Judge
City Court of Oakdale and Ward 5 of Allen Parish, LA
Oakdale, Louisiana 71463
June 12, 2018

We have performed the procedures enumerated below, which were agreed to by management of the City Court of Oakdale and Ward 5 of Allen Parish, LA (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 Court's 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 Court'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 Court does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The written policies address the procedures for preparing, adopting, monitoring, and amending the budget without exception.

- 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.

The purchasing policy does address how purchases are initiated. The purchasing policy does address vendors are added to the vendor list. The purchasing policy does not address the preparation and approval process of purchase requisitions and purchase orders and no purchase order system is in place (Exception). The purchasing policy does provide controls to ensure compliance with the public bid law without exception. The purchasing policy does address the documentation required to be maintained for all bids and price quotes without exception.

- c) **Disbursements**, including processing, reviewing, and approving.

The written policies address the procedures for processing, reviewing, and approving invoices for disbursement without exception.

- d) **Receipts**, including receiving, recording, and preparing deposits.

The written policies address the procedures for receiving, recording, and preparing deposits without exception.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The written policies address the procedures for payroll processing, reviewing and approving time and attendance records including leave and overtime worked without exception.

- 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.

The written policies address the procedures for the types of services requiring written contracts, the standard terms and conditions, the legal review, the approval process, and the monitoring process without exception.

- 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.

The written policies address the procedures for how cards are to be controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage without exception. However, the Court does not utilize credit cards or any of the other listed cards.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The written policies address the procedures for allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers without exception.

Honorable Judge Judi Abrusley
City Judge
City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Agreed-Upon Procedures
June 29, 2018
Page 3

- 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 Court's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The written policies address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, the actions to be taken if ethics violation takes place, and the requirement that all employees, including elected officials annually attest through signature verification that they have read the Court's ethics policy without exception. The written policies address the procedure for documenting the system to monitor possible ethics violations without exception.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The written policies do not address the procedures for debt issuance approval (Exception), EMMA reporting requirements (Exception), debt reserve requirements (Exception), and debt service requirements (Exception). However, there was no long-term debt outstanding during the current fiscal year.

Board (or Finance Committee, if applicable)

2. Obtain and review the board 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.

N/A – Since there is no managing board. All significant decisions made by the Judge.

- 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 Court'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.

N/A – Since there is no managing board, there were no monthly meetings conducted and no proof of comparison from budget to actual maintained except near fiscal year-end.

- 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.

N/A – Since there is no managing board.

Bank Reconciliations

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

The listing was provided by management without exception.

4. Using the listing provided by management, select all of the Court'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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;

All bank accounts were reconciled on a timely basis without exception.

- 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

All bank reconciliations were accompanied with documentation of review by the Judge, who has no involvement in transactions, except for signing the checks, without exception.

- 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.

There were no outstanding checks greater than six months old at the end of the fiscal period.

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 list of collection locations without exception. There was only one centralized collection location.

6. Using the listing provided by management, select all of the Court'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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

Honorable Judge Judi Abrusley
City Judge
City Court of Oakdale and Ward 5 of Allen Parish, Louisiana
Agreed-Upon Procedures
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- 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.

No cash is ever collected for the Court. Checks, money orders, and credit card payments are the only form of payment accepted. All checks and money orders are collected and deposited by two employees (Accounts Receivable Clerk and City Court Clerk) without any other approval. Those same two employees who are responsible for collecting payments were bonded without exception. The City Court Clerk sometimes prepares/makes deposits, records the transactions, and also reconciles the bank accounts (Exception). Occasionally those two employees who collect payments are required to share the same payment drawer (Exception).

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Court 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 Accounts Receivable Clerk is responsible for collections and reconciles the collections to a computer-generated report on a weekly basis (Exception). The City Court Clerk is sometimes responsible for collections and reconciles the bank accounts to the general ledger (Exception).

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

- Using Court 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.

Deposits of collections were not made on a daily basis (Exception). Daily collection reports were not printed each day to delineate the exact number of days from collection to deposit. Therefore, we cannot report the number of days from receipt to deposit (Exception). All credit card transactions are deposited within two days of the related transactions (Exception).

- 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.

All daily cash collection receipts were sequentially numbered and are supported by documentation created by the case management software without exception. Any exceptions to the normal sequence is either explained by a voided receipt or inspected by the City Court Clerk for accuracy.

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7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Court has a process specifically defined (identified as such by the Court) 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 all collections, including electronic transfers, for each revenue source and agency fund addition. The Accounts Receivable Clerk is responsible for collecting payments and reconciling traffic ticket number sequences (Exception).

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

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

The listing was provided by management without exception.

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 Court 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.

There was no requisition/purchase order system or equivalent electronic system being utilized that separates initiation from approval functions in the same manner as a requisition/purchase order system (Exception).

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

None of the transactions tested were supported by a purchase order or other documentation that the transactions were approved by a person who did not initiate a purchase (Exception).

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; (3) and an approved invoice.

Since no purchase order system was being utilized, disbursements were processed without an

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approved requisition and/or purchase order being compared to a receiving report and then to an approved invoice (Exception).

10. Using Court 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 Court's purchasing/disbursement system.

The City Court Clerk is responsible for processing payments and also has the authority to add vendors to the purchasing/disbursement system (Exception).

11. Using Court 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.

The Judge is the only person with signatory authority and has final authorization for disbursements, but she is not charged with the 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 Court documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The checks are kept in a locked drawer in the City Court Clerk's office and she does not have signatory authority.

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.

The Court does not use a signature stamp. The signed checks are not maintained under the control of the signer until mailed (Exception). They are returned to the City Court Clerk who in turn mails them.

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.

N/A – The Court does not have/use credit cards or any of the other listed card types.

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15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Court has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

N/A – The Court does not use credit cards or any of the other listed card types.

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

N/A – The Court does not use credit cards or any of the other listed card types.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 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).

N/A – The Court does not use credit cards or any of the other listed card types.

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

N/A – The Court does not use credit cards or any of the other listed card types.

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

N/A – The Court does not use credit cards or any of the other listed card types.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Court'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.

N/A – The Court does not use credit cards or any of the other listed card types.

- c) For each transaction, compare the Court's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan,

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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.

N/A – The Court does not use credit cards or any of the other listed card types.

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.

The listing was provided by management without exception.

18. Obtain the Court'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) and report any amounts that exceed GSA rates.

The Court's policies reflect the same per diem and mileage rates as those established by the GSA and the actual reimbursements were calculated using the GSA 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 Court does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All travel expenses were reimbursed in accordance with the Court's policies and the GSA rates.

- 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.]

Each expense was supported either by a receipt or a report utilizing an established per diem amount without exception.

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

All of the transactions tested were supported by documentation of the business/public purpose.

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

N/A

- c) Compare the Court'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.

All of the transactions tested appeared to be supported by documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution without exception.

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

All of the transactions tested were not supported by documentation of review and approval, in writing, by someone other than the person receiving reimbursement (Exception).

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.

The listing was provided by management without exception.

- 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.

Written contracts were obtained for one of the five largest contracts that supported the actual amount paid without exception. The other four contracts were for recurring purchases for cellular telephones, office supplies, and salary reimbursements that were not supported by a formal/written contract (Exception).

- 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:

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

None of the contracts were subject to public bid law requirements.

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

The Court did not solicit quotes as a best practice (Exception).

- 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 were amended.

- 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.

In one of the transactions tested the supporting invoices and related payments were in agreement with the amount of the contract terms and conditions. Since contracts for the other four payments were not available, we were not able to compare the payments to the contract terms. However, the payments were in agreement with the invoices supporting the transactions.

- 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).

N/A

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

The listing was provided by management without exception.

- 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.

No written contract of employment or pay structure was provided. All agreements were verbal upon hiring and approved verbally by the Judge. (Exception)

- 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.

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There were no pay rate changes made during this fiscal year.

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 Court 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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Employees document daily attendance and leave without exception.

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There was written documentation of supervisory approval provided for leave taken by any employees without exception.

c) Report whether there is written documentation that the Court maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There was written documentation of hours earned, hours used, and balance available for vacation or sick leave without exception.

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.

There were no employees terminated during the fiscal year.

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.

All payroll taxes and retirement payments along with required reporting forms were timely submitted and paid.

Ethics

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 Court maintained documentation to demonstrate that required ethics training was completed.

The Court provided documentation that all employees selected completed the required ethics training and documentation without exception.

27. Inquire of management whether any alleged ethics violations were reported to the Court 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 Court's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management was not notified of any alleged or actual ethics violations during the fiscal period.

Debt Service

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

No debt was issued during the fiscal period.

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

No debt was outstanding during the fiscal year.

30. If the Court 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.

The Court did not have tax millages related to debt service payments.

Other

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

Management informed us that the Court did not have any misappropriation of public funds or assets during the fiscal year.

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32. Observe and report whether the Court 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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Court did have the required notice posted in a conspicuous place upon its premises but it did not have a website.

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

The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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.

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