

**Springhill City Court
Springhill, Louisiana
A Component Unit of the City of Springhill, Louisiana
Annual Financial Statements
As of June 30, 2017**

Springhill City Court
Springhill, Louisiana
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Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court, a component unit of the City of Springhill, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Springhill 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information shown on pages 20-23, 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.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springhill City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of Springhill City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to 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 Springhill City Court's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 19, 2017

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Net Position
Governmental Activities
June 30, 2017

ASSETS

Cash and cash equivalents	\$	56,385
Investments		8,500
Receivables		130
Capital assets (net)		<u>5,979</u>
Total assets		<u><u>70,994</u></u>

LIABILITIES

Accounts payable		699
Accrued expenses		<u>1,807</u>
Total liabilities		<u><u>2,506</u></u>

NET POSITION

Net investment in capital assets		5,979
Restricted for:		
Witness fees		31,615
Probation		27,317
Juvenile probation		6,424
Unrestricted		<u>(2,847)</u>
Total net position	\$	<u><u>68,488</u></u>

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Activities
For the Year Ended June 30, 2017

	Functions / Programs				
	Total	Judicial	Witness	Probation	Juvenile Probation
<u>GOVERNMENTAL ACTIVITIES</u>					
Expenses:					
Salaries	\$ 258,654	\$ 258,654	\$	\$	\$
Employee benefits	5,117	5,117			
Office expense	18,498	18,498			
Travel and other charges	18,788	18,788			
Professional fees	15,272	15,272			
Other	663			620	43
Witness fees	2,876		2,876		
Depreciation expense	1,805	1,805			
Total expenses	<u>321,673</u>	<u>318,134</u>	<u>2,876</u>	<u>620</u>	<u>43</u>
Program revenues:					
Charges for services - fines and fees	140,040	88,040	2,936	43,657	5,407
Operating grants and contributions	179,544	179,544			
Net program revenue (expenses)	<u>(2,089)</u>	<u>(50,550)</u>	<u>60</u>	<u>43,037</u>	<u>5,364</u>
General revenues:					
Miscellaneous revenues	125,999				
Interest income	54				
Total general revenues	<u>126,053</u>				
Change in net position	123,964				
Net position - beginning	<u>(55,476)</u>				
Net position - ending	<u>\$ 68,488</u>				

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Balance Sheet
Governmental Funds
June 30, 2017

	Major Funds			Non - Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Assets					
Cash and cash equivalents	\$ 56	\$ 22,738	\$ 27,200	\$ 6,391	\$ 56,385
Investments		8,500			8,500
Receivables	130				130
Due from other funds		377	117	33	527
Total assets	\$ 186	\$ 31,615	\$ 27,317	\$ 6,424	\$ 65,542
Liabilities					
Accounts payable	\$ 699	\$	\$	\$	\$ 699
Accrued expenses	1,807				1,807
Due to other funds	527				527
Total liabilities	3,033				3,033
Fund Balance					
Restricted		31,615	27,317	6,424	65,356
Unassigned	(2,847)				(2,847)
Total fund balances	(2,847)	31,615	27,317	6,424	62,509
Total liabilities and fund balances	\$ 186	\$ 31,615	\$ 27,317	\$ 6,424	

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

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

5,979

Net Position of Governmental Activities

\$ 68,488

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			Non - Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Revenues:					
Fines	\$ 38,591	\$ 2,936	\$ 43,657	\$ 5,407	\$ 90,591
Court costs	47,789				47,789
Other fees	1,660				1,660
Intergovernmental					
On-behalf payments	161,021				161,021
Other	18,523				18,523
Interest income	29	25			54
Total revenues	<u>267,613</u>	<u>2,961</u>	<u>43,657</u>	<u>5,407</u>	<u>319,638</u>
Expenditures:					
Current:					
General government					
Salaries	97,633				97,633
Employee benefits	5,117				5,117
On-behalf payments	161,021				161,021
Office expense	18,498				18,498
Travel and other charges	18,788				18,788
Professional fees	15,272				15,272
Witness fees		2,876			2,876
Other			620	43	663
Capital outlay	1,643				1,643
Total expenditures	<u>317,972</u>	<u>2,876</u>	<u>620</u>	<u>43</u>	<u>321,511</u>
Excess (deficiency) of revenues over expenditures	<u>(50,359)</u>	<u>85</u>	<u>43,037</u>	<u>5,364</u>	<u>(1,873)</u>
Other financing sources (uses):					
Transfers in	51,283				51,283
Transfers out			(51,283)		(51,283)
Total other financing sources (uses)	<u>51,283</u>		<u>(51,283)</u>		
Net change in fund balances	924	85	(8,246)	5,364	(1,873)
Fund balances at beginning of year	<u>(3,771)</u>	<u>31,530</u>	<u>35,563</u>	<u>1,060</u>	<u>64,382</u>
Fund balances at end of year	<u>\$ (2,847)</u>	<u>\$ 31,615</u>	<u>\$ 27,317</u>	<u>\$ 6,424</u>	<u>\$ 62,509</u>

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental fund \$ (1,873)

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.
This is the amount by which depreciation (\$1,805) exceeded
capital outlay (\$1,643) in the current period. (162)

Miscellaneous revenues are reflected in the government-wide
statement of activities for the write off of previously recorded net
pension liability, deferred inflows of resources, and deferred outflows of
resources related to the Court's participation in the LASERS retirement
system. The Court no longer has any active employees in the System. 125,999

Change in net position of governmental activities \$ 123,964

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Fiduciary Net Position
Agency Funds
June 30, 2017

Assets

Cash and cash equivalents	<u>\$ 41,267</u>
Total assets	<u><u>\$ 41,267</u></u>

Liabilities

Unsettled deposits	<u>\$ 41,267</u>
Total liabilities	<u><u>\$ 41,267</u></u>

The notes to the financial statements are an integral part of this statement.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017

INTRODUCTION

The Springhill City Court (the Court) was created under the authority of Louisiana Revised Statute 13:1872. Its jurisdiction extends throughout all of Ward Two of Webster Parish. Court expenses such as payroll and related costs, maintenance, utilities, etc., are paid through the General Fund of the City of Springhill (the City). There are certain funds collected by the Court, pursuant to state statute, which are under the control of the Court and are reported in the accompanying financial statements. The Court pays supplemental salaries to its employees from these funds. These financial statements account for all activities of the Court not funded by the City.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Court are discussed below

B. REPORTING ENTITY

The City Judge is an independently elected official; however, the Court is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Court's office is located. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City, the financial reporting entity.

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

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the Court are classified into two categories: governmental funds and fiduciary (agency) funds. These funds are described as follows:

Governmental Funds

Governmental funds account for all or most of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

period programs or operations of the Court. For the year ended June 30, 2017, the City Court's major funds were the general fund, witness fund, and probation fund.

A description of the courts funds is as follows:

General Fund - The General Fund is the general operating fund of the Court. The Court's share of court costs assessed by City Court, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Witness Fund - This fund is used to account for witness fees received that are legally restricted for the payment of witness fees.

Probation Fund - This fund is used to account for probation fees collected that are legally restricted for the administration and operation of the probation department.

Juvenile Probation Fund - This fund is used to account for juvenile probation fees and restitution collected that are legally restricted for the administration and operation of the juvenile probation department and the payment of restitution.

Fiduciary Funds

The only funds accounted for in this category by the Court are agency funds. The Civil, Fines and Bonds, and Worthless Check agency funds account for assets held by the Court as an agent for others pending court action. 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 accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current 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. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

Revenues

Recordings, cancellations, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when susceptible to accrual.

Substantially all other revenues are recorded when received by the Court.

Based on the above criteria, recordings, criminal costs, and other fees, charges, and commissions for service are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Court.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the non-fiduciary activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Program Revenues – Program revenues included in the Statement of Activities are derived directly from Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less when purchased. Under state law, the Court may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

F. CAPITAL ASSETS

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

Computer equipment	5 – 7 years
Office equipment	5 – 7 years

G. INTERFUND ACTIVITY

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

I. USE OF ESTIMATES

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

J. NET POSITION

Net position represents the difference between assets and liabilities. Unrestricted net position represents net position not appropriable for expenditures or legally segregated for a specific future use. Restricted net position represents external restrictions imposed by laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Court's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

K. FUND BALANCE

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the judge (the court's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judge removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the judges' intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balances are the residual classification for the Court's general fund and include all spendable amounts not contained in the other classifications.

The Court's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

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

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

(2) BUDGET

The proposed budget for the year ended June 30, 2017 was adopted on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2017.

(3) PENSION PLAN

The Springhill City Judge is a member of the Louisiana State Employees Retirement System (LASERS). The Louisiana State Employees' Retirement System (LASERS or the System) is the administrator of a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries. The Judge has entered the 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. Since the Court no longer has any employees actively participating in the System, the Court has not been allocated a proportionate share of the net pension liability, deferred inflows of resources, deferred outflows of resources, or pension expense for the year ended June 30, 2017.

Included in miscellaneous revenues is \$125,999, representing the Court's proportionate share of the net pension liability, deferred inflows of resources, and deferred outflows of resources previously recorded in the Court's financial statements for the prior year ending June 30, 2016.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(4) CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2017, the Court has cash, cash equivalents, and investments (book balances) totaling \$106,152 as follows:

A. Cash and cash equivalents:

Governmental Funds:	
General Fund	\$ 56
Witness Fee Fund	22,738
Probation Fund	27,200
Juvenile Probation Fund	<u>6,391</u>
Total Governmental Funds	<u>56,385</u>
Fiduciary (Agency) Funds:	
Civil Fund	30,424
Fines Fund	7,222
Worthless Check Fund	<u>3,621</u>
Total Fiduciary (Agency) Funds	<u>41,267</u>
Total – All Funds	<u>\$ 97,652</u>

These deposits with financial institutions are stated at cost, which approximates market value. At June 30, 2017, the carrying amount of the Court's deposits was \$97,652, and the collected bank balance was \$120,155. Under state law, these deposits (or 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 Court in a holding or custodial bank that is mutually acceptable to both parties.

B. Investments

At June 30, 2017, the court held a certificate of deposit totaling \$8,500 in the Witness Fund that was classified as an investment since its maturity was in excess of ninety days subsequent to the initial purchase. The certificate of deposit is carried at cost which approximates market value and is secured by federal deposit insurance. Investments are limited by Louisiana Revised Statute (R. S.) 33:2955.

C. Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances of \$128,655 were protected by federal depository insurance.

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

Credit Risk: The Court's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

(5) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2017</u>
Governmental Activities:				
Computer equipment and software	\$ 25,856	\$ 818	\$	\$ 26,674
Office equipment	<u>17,565</u>	<u>825</u>	<u> </u>	<u>18,390</u>
Totals at historical cost	<u>43,421</u>	<u>1,643</u>	<u> </u>	<u>45,064</u>
Less accumulated depreciation				
Computer equipment and software	(19,715)	(1,599)		(21,314)
Office equipment	<u>(17,565)</u>	<u>(206)</u>	<u> </u>	<u>(17,771)</u>
Total accumulated depreciation	<u>(37,280)</u>	<u>(1,805)</u>	<u> </u>	<u>(39,085)</u>
Governmental activities capital assets, net	<u>\$ 6,141</u>	<u>\$ (162)</u>	<u>\$</u>	<u>\$ 5,979</u>

Depreciation expense for the year ended June 30, 2017 was charged to the general fund.

(6) LEASES

The Court leases a copier under an operating lease. Rental costs on the lease for the year ended June 30, 2017 were \$1,164. Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2018	\$ 1,164
2019	<u>1,164</u>
Total minimum future rentals	<u>\$ 2,328</u>

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(7) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
General	\$ 51,283	\$ -
Probation Fund	-	51,283
	<u>\$ 51,283</u>	<u>\$ 51,283</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(8) INTERFUND BALANCES

Interfund balances at June 30, 2017 consisted of the following:

	<u>Due To Other Fund</u>	<u>Due From Other Fund</u>
Governmental Funds:		
General	\$ 527	\$ -
Witness Fund	-	377
Probation Fund	-	117
Juvenile Probation Fund	-	33
	<u>\$ 527</u>	<u>\$ 527</u>

(9) CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	<u>Civil Fund</u>	<u>Fines Fund</u>	<u>Worthless Check Fund</u>	<u>Total</u>
Balance at June 30, 2016	\$ 28,630	\$ 2,408	\$ 3,621	\$ 34,659
Additions	106,860	198,028	-	304,888
Reductions	<u>(105,066)</u>	<u>(193,214)</u>	<u>-</u>	<u>(298,280)</u>
Balance at June 30, 2017	<u>\$ 30,424</u>	<u>\$ 7,222</u>	<u>\$ 3,621</u>	<u>\$ 41,267</u>

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2017
(Continued)

(10) EXPENDITURES OF THE COURT PAID BY THE CITY

The Court's administrative office is located in a building owned by the City. The costs of maintaining and operating the building, as required by statute, are paid by the City government and are not included in the accompanying financial statements.

(11) ON-BEHALF PAYMENTS FOR SALARIES AND BENEFITS

The Court reports in the financial statement on-behalf salary and fringe benefit payments made to the Court's employees by the City of Springhill, the Webster Parish Police Jury, and the State of Louisiana. For the year ended June 30, 2017, the City of Springhill, Webster Parish Police Jury, and the State of Louisiana made supplementary salary and benefit payments totaling approximately \$161,021 to court employees.

Fringe benefits paid by the City of Springhill, Webster Parish Police Jury, and the State of Louisiana include pension plan contributions to the Municipal Employees' Retirement System of Louisiana.

(12) SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 19, 2017, the date the financial statements were available to be issued.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and court costs	\$ 95,317	\$ 82,450	\$ 86,380	\$ 3,930
Interest income	36	30	29	(1)
Miscellaneous	25,694	20,420	20,183	(237)
Total revenues	<u>121,047</u>	<u>102,900</u>	<u>106,592</u>	<u>3,692</u>
Expenditures:				
General government:				
Accounting	15,226	15,272	15,272	
Dues	984	820	820	
Library	2,300	3,300	3,226	74
Office expense	17,157	8,890	13,715	(4,825)
Retirement	1,902			
Salaries	90,733	100,561	97,633	2,928
Taxes - payroll	4,646	5,254	5,117	137
Telephone		1,750	1,747	3
Travel, seminars, and meetings	18,117	18,025	17,968	57
Capital outlay	1,864	2,500	1,643	857
Total expenditures	<u>152,929</u>	<u>156,372</u>	<u>157,141</u>	<u>(769)</u>
Excess of revenues over expenditures	(31,882)	(53,472)	(50,549)	2,923
Other financing sources (uses):				
Transfers in	35,057	55,300	51,283	(4,017)
Total other financing sources (use)	<u>35,057</u>	<u>55,300</u>	<u>51,283</u>	<u>(4,017)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,175	1,828	734	(1,094)
Fund balance at beginning of year	<u>(2,693)</u>	<u>482</u>	<u>(2,882)</u>	<u>(3,364)</u>
Fund balance at end of year	<u>\$ 482</u>	<u>\$ 2,310</u>	<u>\$ (2,148)</u>	<u>\$ (4,458)</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Witness Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and court costs	\$ 3,458	\$ 2,826	\$ 2,867	\$ 41
Interest	24	24	25	1
Total revenues	<u>3,482</u>	<u>2,850</u>	<u>2,892</u>	<u>42</u>
Expenditures:				
General government:				
Witness fees	<u>2,250</u>	<u>2,677</u>	<u>2,807</u>	<u>(130)</u>
Total expenditures	<u>2,250</u>	<u>2,677</u>	<u>2,807</u>	<u>(130)</u>
Excess of revenues over expenditures	1,232	173	85	(88)
Fund balance at beginning of year	<u>20,215</u>	<u>21,447</u>	<u>31,530</u>	<u>10,083</u>
Fund balance at end of year	<u>\$ 21,447</u>	<u>\$ 21,620</u>	<u>\$ 31,615</u>	<u>\$ 9,995</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Probation Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other fees and restitution	\$ 49,050	\$ 43,803	\$ 43,657	\$ (146)
Total revenues	<u>49,050</u>	<u>43,803</u>	<u>43,657</u>	<u>(146)</u>
Expenditures:				
General government:				
Office expense	480	555	575	(20)
Total expenditures	<u>480</u>	<u>555</u>	<u>575</u>	<u>(20)</u>
Excess of revenues over expenditures	48,570	43,248	43,082	(166)
Other financing sources (uses):				
Transfers out	(32,683)	(55,366)	(51,348)	4,018
Total other financing sources (uses)	<u>(32,683)</u>	<u>(55,366)</u>	<u>(51,348)</u>	<u>4,018</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	15,887	(12,118)	(8,266)	3,852
Fund balance at beginning of year	<u>11,329</u>	<u>27,216</u>	<u>35,583</u>	<u>8,367</u>
Fund balance at end of year	<u>\$ 27,216</u>	<u>\$ 15,098</u>	<u>\$ 27,317</u>	<u>\$ 12,219</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2017

Budget comparison statements included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2017. The Court's budgets are prepared on the cash basis of accounting for all funds. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Witness Fund</u>	<u>Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$ 734	\$ 85	\$(8,266)
Adjustments:			
Revenue accruals – net	–	–	–
Expenditure accruals – net	<u>190</u>	<u>–</u>	<u>20</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 924</u>	<u>\$ 85</u>	<u>\$(8,246)</u>

The General Fund and Witness Fund had excess expenditures over appropriations in the amounts of \$769 and \$199, respectively.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Compensation, Benefits, and other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head: John B. Slattery, Judge

SECTION I

Paid by the City of Springhill City Court

Purpose	<u>Amount</u>
Salary	\$ 38,835
Hotel	5,930
Mileage	2,951
Meals	2,816
Registration Fees	3,000
Miscellaneous reimbursements	535

SECTION II

Paid by the City of Springhill

Purpose	
Salary	9,528

Paid by Webster Parish Police Jury

Purpose	
Salary	4,800

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Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements, and have issued our report thereon dated December 19, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 certain deficiency in internal, described in the accompanying Schedule of Current Year Audit Findings as item 2017-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springhill City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Springhill City Court's Response to Finding

Springhill City Court's response to the finding identified in our audit is described in the accompanying Schedule of Current Year Audit Findings. Springhill City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 19, 2017

Springhill City Court
Springhill, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2017

There were no findings, questioned costs, or management letter comments for the prior year audit for the year ended June 30, 2016.

Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2017

There is one significant deficiency for the current year audit for the year ended June 30, 2017, as noted below.

2017-001 Controls Over Agency Fund Transactions

Criteria: Internal controls should be in place to ensure transactions are properly posted to the agency's accounting records, and that a proper segregation of duties exists over agency fund collections.

Significant Deficiency: During our audit, we noted several posting errors with regards to the Civil and Fines agency funds. In addition, we noted an inadequate segregation of duties with regards to accepting payments and posting transactions to agency funds subsidiary ledgers and reconciliation of the subsidiary ledgers to the Court's accounting records.

Cause: We noted that the same individual is responsible for accepting payments and reconciling receipt books to the subsidiary ledger reports. We also noted that subsidiary ledgers were not being reconciled to the accounting records.

Effect: Audit adjusting entries were required to correct posting errors in the Civil and Fines agency funds. In addition, without a proper segregation of duties, errors or misstatements could occur and not be detected in a timely manner.

Recommendation: We recommend that someone independent of accepting payments and making deposits review the subsidiary ledgers and general ledger postings to ensure funds are properly posted.

Corrective Action Planned: We have implemented changes to ensure that a different court employee that accepts payments and makes deposits reviews the subsidiary ledgers and general ledgers postings to ensure funds are properly posted.