

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Annual Financial Report and Independent Auditors' Report

Year Ended June 30, 2017

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CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis

Within this section of the City Court of Sulphur in and for Ward Four (City Court) 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 June 30, 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 \$952,409 (net position) for the fiscal year reported.
- Total revenues of \$413,658 were in excess of total expenses of \$379,747 which resulted in a current year profit of \$33,911, compared to a prior year loss of \$26,543.
- Total net position are comprised of the following:
 - (1) Net investment in capital assets, of \$28,957 include equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$1,092,832.
 - (3) Unrestricted net position of \$(169,380) represent the portion available to maintain the City Court's continuing obligations to creditors.
- Overall, the City Court continues to maintain a strong financial position and is continuing to work to improve on this financial position.

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

OVERVIEW OF FINANCIAL STATEMENTS

This Management's 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. Comparative data is presented when available.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

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.

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 and liabilities, 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 revenue base, or the condition of City Court infrastructure 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.

Both government-wide financial statements distinguish governmental activities of the City Court that are principally supported by other revenues and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

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 has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions 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 fund. 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.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

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.

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.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City Court's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the special revenue fund. This schedule demonstrates compliance with the City Court's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE CITY COURT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City Court as a whole.

The City Court's net position at fiscal year-end is \$952,409. The following table provides a summary of the City Court's net position:

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 1,149,841	\$ 1,068,318
Capital assets, net	<u>28,957</u>	<u>43,383</u>
Total assets	1,178,798	1,111,701
DEFERRED OUTFLOWS OF RESOURCES	<u>133,733</u>	<u>120,988</u>
Liabilities:		
Current liabilities	9,079	4,215
Net pension liability	<u>344,599</u>	<u>293,679</u>
	353,678	297,894
DEFERRED INFLOWS OF RESOURCES	<u>6,444</u>	<u>16,297</u>

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

	<u>2017</u>	<u>2016</u>
Net position:		
Net investment in capital assets	\$ 28,957	\$ 43,383
Restricted	1,092,832	1,005,685
Unrestricted	<u>(169,380)</u>	<u>(130,570)</u>
Total net position	<u>\$ 952,409</u>	<u>\$ 918,498</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 is 126 to 1(253 to 1 for 2016). Net position increased by \$33,911 for the current year. Note that approximately 3% (5% for 2016) of the net position is tied up in capital. The City Court uses these capital assets to provide services to its recipients.

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

	<u>2017</u>	<u>2016</u>
Revenues	\$ 413,658	\$ 373,031
Expenses	<u>379,747</u>	<u>399,574</u>
Change in Net Position	33,911	(26,543)
Beginning Net Position	<u>918,498</u>	<u>945,041</u>
Ending Net Position	<u>\$ 952,409</u>	<u>\$ 918,498</u>

BUDGETARY HIGHLIGHTS

The General Fund – The actual revenues were more than the final budget by \$30,866 or 17% mainly due to court costs and fines, and the final actual expenditures were less than the budgeted expenditures by \$6,252 or 4%, mainly due to salaries and repairs and maintenance.

The Special Revenue Fund – The actual revenues were more than the final budget by \$25,792, due to court costs and fines, and the actual expenditures were more than the final budget by \$2,551, mainly due to civil fees.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City Court's investment in capital assets, net of accumulated depreciation as of June 30, 2017, was \$28,957. See Note B for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2017</u>	<u>2016</u>
Non-depreciable assets:		
Land	\$ <u> -</u>	\$ <u> -</u>
Depreciable assets:		
Equipment	236,201	234,235
Less accumulated depreciation	<u>207,244</u>	<u>190,852</u>
Book value-depreciable assets	<u>\$ 28,957</u>	<u>\$ 43,383</u>
Percentage depreciated	<u>88 %</u>	<u>81 %</u>
Book value-all assets	<u>\$ 28,957</u>	<u>\$ 43,383</u>

The major additions for the year were a courtroom sign and computer equipment.

Long-term debt

At the end of the fiscal year, the City Court had no debt.

ECONOMIC CONDITIONS AFFECTING THE CITY COURT

Since the primary revenue stream for the City Court is court costs, the City Court's revenues are subject to changes in the court system.

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 Clerk, Carol Ann Forth, 802 S. Huntington Street, Sulphur, LA 70663.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

December 6, 2017

Honorable Charles Schrupf, Judge
City Court of Sulphur in and for Ward Four
Sulphur, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana, a component unit of the City of Sulphur, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules and the pension schedules on pages 3 through 7, pages 38 through 39, and pages 40 through 41 be presented to supplement the financial statements. Such information, although not a part of the 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 operation, 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 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.

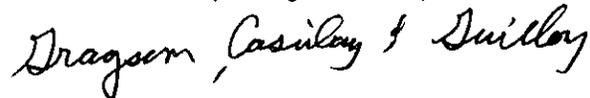
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City Court's basic financial statements. The Schedule of General Government Expenditures and the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of General Government Expenditures and the Schedule of Compensation,

Benefits, and Other Payments to Chief Executive Officer 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 schedules are 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 December 6, 2017, on our consideration of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Sulphur in and for Ward Four's internal control over financial reporting and compliance.



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Net Position

June 30, 2017

ASSETS	
Cash	\$ 86,691
Restricted Cash	1,062,374
Accounts Receivable	776
Capital assets, net	28,957
Total assets	<u>1,178,798</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>133,733</u>
LIABILITIES	
Accounts and other accrued payables	9,079
Net pension liability	344,599
Total liabilities	<u>353,678</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>6,444</u>
NET POSITION	
Net investment in capital assets	28,957
Restricted	1,092,832
Unrestricted	(169,380)
Total net position	<u>\$ 952,409</u>

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Activities

Year Ended June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General government	\$ 379,747	\$ 410,149	\$ -	\$ 30,402
		General Revenues:		
			Interest	3,509
			Total General Revenues	<u>3,509</u>
			Change in Net Position	<u>33,911</u>
			Net Position, beginning	<u>918,498</u>
			Net Position, ending	<u>\$ 952,409</u>

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

FUND FINANCIAL STATEMENTS

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Balance Sheet - Governmental Fund

June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash	57,009	29,682	\$ 86,691
Due from other funds	-	776	776
Restricted assets:			
Cash	<u>1,062,374</u>	<u>-</u>	<u>1,062,374</u>
Total Assets	<u>1,119,383</u>	<u>30,458</u>	<u>1,149,841</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 1,119,383</u>	<u>\$ 30,458</u>	<u>\$ 1,149,841</u>
LIABILITIES			
Accounts payable	8,303	\$ -	\$ 8,303
Due to other funds	<u>776</u>	<u>-</u>	<u>776</u>
Total Liabilities	<u>9,079</u>	<u>-</u>	<u>9,079</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Restricted	1,062,374	30,458	1,092,832
Unassigned	<u>47,930</u>	<u>-</u>	<u>47,930</u>
	<u>1,110,304</u>	<u>30,458</u>	<u>1,140,762</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
	<u>\$ 1,119,383</u>	<u>\$ 30,458</u>	<u>\$ 1,149,841</u>

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

June 30, 2017

Total fund equity of governmental activities at June 30			\$ 1,140,762
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Capital assets, net of \$207,244 accumulated depreciation			28,957
Deferred outflow and inflows are not financial resources or currently payable:			
Deferred outflows	\$	133,733	
Deferred inflows		<u>(6,444)</u>	127,289
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Net pension liability			<u>(344,599)</u>
Total net position of governmental activities at June 30			<u>\$ 952,409</u>

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund

Year Ended June 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES			
Court costs and fines	209,525	200,624	\$ 410,149
Interest income	3,341	168	3,509
TOTAL REVENUES	212,866	200,792	413,658
EXPENDITURES			
General Government	164,882	170,151	335,033
Capital Outlay	1,966	-	1,966
TOTAL EXPENDITURES	166,848	170,151	336,999
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	46,018	30,641	76,659
OPERATING TRANSFERS IN (OUT)	11,780	(11,780)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	57,798	18,861	76,659
FUND BALANCE - BEGINNING OF YEAR	1,052,506	11,597	1,064,103
FUND BALANCE - END OF YEAR	\$ 1,110,304	\$ 30,458	\$ 1,140,762

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

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

Year Ended June 30, 2017

Total net changes in fund balance at June 30 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 76,659
<p>The change in net assets reported for governmental activities in the statement of activities 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.</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 1,966	
Depreciation expense for the year ended June 30	<u>(16,392)</u>	(14,426)
<p>Net pension expense is reported in the governmental funds as expenditures as they are paid, however, in the statement of activities the net position expense is reported according to estimates required by GASB 68:</p>		
Pension expenses paid	33,842	
Pension expenses per GASB 68	<u>(62,164)</u>	<u>(28,322)</u>
Total changes in net position at June 30 per Statement of Activities		<u>\$ 33,911</u>

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Net Position - Fiduciary Funds

June 30, 2017

ASSETS	
Cash	\$ 67,786
DEFERRED OUTFLOWS OF RESOURCES	-
	<u>\$ 67,786</u>
LIABILITIES	
Bonds held for disposition of civil cases	\$ 9,427
Due to other agencies	58,359
	<u>67,786</u>
DEFERRED INFLOWS OF RESOURCES	-
	<u>\$ 67,786</u>

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

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of Sulphur in and for Ward Four was created under the authority of LSA-RS 13:1871-2512 and is a City/Ward Court handling traffic and misdemeanor criminal matters, civil matters with money jurisdiction not exceeding \$25,000 and juvenile matters.

1. Reporting Entity

The City Court judge is an independently elected official. However, the City Court is fiscally dependent on the City of Sulphur, Louisiana for office space, court rooms, partial funding of salary costs and other operating expenses. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City of Sulphur, Louisiana, the financial reporting entity.

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

2. 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 Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City Court as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through costs, intergovernmental revenues, and other nonexchange revenues.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 (a) fees and charges paid by the recipients of services offered by the City Court; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The 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. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Fund (Major Fund) – Special Revenue Funds are used to account for all specific revenue sources that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUND TYPE

Agency Fund – The Agency Fund is used to account for assets held by the City Court as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results in operations.

3. 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.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the 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.

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

4. Cash Deposits

Deposits include amounts in demand deposits and interest-bearing demand deposits, as well as short-term investments with an original maturity date of 90 days or less. State statutes authorize the City Court to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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. At June 30, 2017, the City Court has \$1,326,300 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$576,300 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Restricted Assets

Restricted assets on the balance sheet represent amounts which have accumulated in accordance with the following:

Building fund	\$ 738,103
Judicial expense fund	163,840
Accrued judicial fund	<u>160,431</u>
Total restricted cash	<u>\$ 1,062,374</u>

Building Fund – In accordance with Louisiana Statute RS 13.1899, the City Court collects a fee and places it in a fund dedicated exclusively to the acquisition, leasing, construction, equipping and/or maintenance of new and existing city courts.

Judicial Expense Fund – In accordance with Louisiana Statute RS 13.996, the City Court collects court costs to be placed in a separate account designated as the Judicial Expense Fund. This fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration or function of the City Court. No salary may be paid from the Judicial Expense Fund to any of the judges of the City Court.

Accrued Judicial Fund – The City Court transfers excess earnings from the civil fund into this fund. Funds are accumulated and used only to pay the Judges in years that their salary falls below the legal maximum allowed.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Budgets

A general fund and special revenue fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the end 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 City Court holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

7. Capital Assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. 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:

Equipment	3-7 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the Governmental Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. In accordance with the provisions of Statement Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At June 30, 2017 the City Court's liability for compensated absences was zero.

9. Equity Classification

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

- a. Net investment in capital assets – 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 – All other net position that does not meet the definition of "restricted" or "Net investment in capital assets".

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

- a. Restricted Fund Balance -- Consists of net assets 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.
- b. Assigned fund balance – includes fund balance amounts that are intended to be used for specific purposes which are internally imposed
- c. Unassigned fund balance – includes fund balance within the general fund which has not been classified within the above mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

10. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events

Management has evaluated subsequent events through December 6, 2017, the date the financial statements were available to be issued.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities: Equipment	\$ 234,235	\$ 1,966	\$ -	\$ 236,201
Less accumulated depreciation for: Equipment	<u>190,852</u>	<u>16,392</u>	<u>-</u>	<u>207,244</u>
Governmental activities capital assets, net	<u>\$ 43,383</u>	<u>\$ (14,426)</u>	<u>\$ -</u>	<u>\$ 28,957</u>

NOTE C – PENSION PLANS

Substantially all employees of the City Court are eligible to participate in the Municipal Employees' Retirement System. The Judge is eligible to participate in the Louisiana State Employees' Retirement System.

1. Municipal Employees Retirement System of Louisiana (System)

Plan Description. Substantially all employees of the City Court are eligible to participate in the Municipal Employees' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City Court are members of Plan A.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS - CONTINUED

is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements:

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City Court is required to contribute at an actuarially determined rate. The current rate is 22.75% of annual covered payroll. The City Court contributions to the System under Plan A for the year ended June 30, 2017 was \$16,204.

At June 30, 2017, the Court reported a liability of \$144,987 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2017, the District's proportion was .035374%.

For the year ended June 30, 2017, the District recognized pension expense (benefit) of \$30,385 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$0.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS - CONTINUED

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,583
Difference between expected and actual investment	33,112	-
Difference between expected and actual assumption	5,278	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	36,524	-
Contributions subsequent to the measurement date	16,204	-
Total	\$ 91,118	\$ 4,583

\$16,204 reported as deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2018	\$ 23,444
2019	23,444
2020	23,444
2021	-
2022	-
Thereafter	-

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS – CONTINUED

Actuarial methods and assumption. The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components on net pension liability of the System's employers as of June 30, 2016 are as follows:

	Plan A	Plan B
Total Pension Liability	\$1,081,747,268	\$ 226,092,430
Plan Fiduciary Net Pension	671,876,210	143,201,586
Total Net Pension Liability	\$ 409,871,058	\$ 82,890,844

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5% (Net of investment expense)
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Projected Salary Increases	5.00% (2.125% Merit/2.875% Inflation)
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Health Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS – CONTINUED

The discount rate used to measure the total pension liability was 7.5% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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 to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.5%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate.

	Changes in Discount Rate 2016		
	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability (Asset)	\$184,305	\$144,987	\$111,436

2. Louisiana State Employees' Retirement System

Plan Description. The Judge of the City Court of Sulphur, is a member of the Louisiana State Employees' Retirement System, a cost-sharing, single-employer defined benefit pension plan administered by a separate board of trustees.

Any person legally occupying a position in state service except those specifically excepted from participation are eligible to participate in the System.

Eligibility for retirement benefits for members hired prior to July 1, 2016 includes written applications to the Board and Member has attained age 60 and 10 years of accredited service, or at any age and 30 years of accredited service.

Annual pension is equal to 2 ½ to 3 ½ percent of average compensation for the highest 36 consecutive months for each year of creditable service.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS - CONTINUED

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA, 70804-4213.

Funding Policy. Members are required by state statute to contribute 11.5 percent of their annual covered salary and the City Court is required to contribute at an actuarially determined rate. The current rate is 38.1 percent of annual covered payroll. The City Court's contributions to the System for the year ending June 30, 2017 were \$17,638.

At June 30, 2017, the Court reported a liability of \$199,612 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2016, the District's proportion was .00254%.

For the year ended June 30, 2017, the District recognized pension expense (benefit) of \$(2,063) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,088. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116	\$ 1,851
Difference between expected and actual investment	24,862	
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	(1)	10
Contributions subsequent to the measurement date	17,638	-
Total	\$ 42,615	\$ 1,861

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS - CONTINUED

\$17,638 reported as deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2017	\$ 7,705
2018	7,705
2019	7,705
2020	-
2021	-
Thereafter	-

Actuarial methods and assumption. The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components on net pension liability of the System's employers as of June 30, 2016 are as follows:

Total Pension Liability	\$ 18,576,266,623
Plan Fiduciary Net Pension	10,723,714,826
Total Net Pension Liability	<u>\$ 7,852,551,797</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.75% per annum.
Expected Remaining Service Lives	3 years.
Inflation Rate	3% per annum.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS – CONTINUED

Salary Increases

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

Cost of Living Adjustments

The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.

Mortality

Non-disabled members – Mortality rates are based on the RP-2000 Combined Health Mortality Table with mortality improvement projected to 2016. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Termination, Disability, and Retirement

Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.

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 current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2017

NOTE C – PENSION PLANS – CONTINUED

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.

	Changes in Discount Rate 2016		
	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability (Asset)	\$251,651	\$199,612	\$160,841

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.75% or one percentage point higher 8.75% than the current rate.

NOTE D – RISK MANAGEMENT

The City Court is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City Court maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City Court. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE E – CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follow:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Cash Appearance Bond	\$ -	\$ -	\$ -	\$ -
Fines	-	289,981	289,981	-
Court Costs	-	916,704	916,704	-
Total	\$ -	\$1,206,685	\$1,206,685	\$ -

REQUIRED SUPPLEMENTAL INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Budgetary Comparison-General Fund

Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Court costs and fines	\$ 180,000	\$ 209,525	\$ 29,525
Interest	2,000	3,341	1,341
Total Revenues	182,000	212,866	30,866
EXPENDITURES			
General and administrative	173,100	164,882	8,218
Capital outlay	-	1,966	(1,966)
Total Expenditures	173,100	166,848	6,252
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,900	46,018	37,118
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	10,000	11,780	1,780
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	18,900	57,798	38,898
FUND BALANCE - BEGINNING	1,052,506	1,052,506	-
FUND BALANCE - ENDING	\$ 1,071,406	\$ 1,110,304	\$ 38,898

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Budgetary Comparison-Special Revenue Fund

Year Ended June 30, 2017

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Court costs and fines	\$ 175,000	\$ 200,624	\$ 25,624
Interest	-	168	168
Total Revenues	175,000	200,792	25,792
EXPENDITURES			
General and administrative	167,600	170,151	(2,551)
Total Expenditures	167,600	170,151	(2,551)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,400	30,641	23,241
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(10,000)	(11,780)	(1,780)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(2,600)	18,861	21,461
FUND BALANCE - BEGINNING	11,597	11,597	-
FUND BALANCE - ENDING	\$ 8,997	\$ 30,458	\$ 21,461

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended June 30, 2017

Municipal Employees Retirement System of Louisiana (System):

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Employer's portion of the net pension liability (asset)	0.03537%	0.03351%	0.00000%
Employer's proportionate share of the net pension liability (asset)	\$ 144,987	\$ 119,696	\$ -
Employer's covered payroll	\$ 71,227	\$ 63,189	\$ 57,191
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	203.56%	189.43%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	66.17%	73.99%

Louisiana State Employees' Retirement System:

Employer's portion of the net pension liability (asset)	0.00254%	0.00256%	0.00278%
Employer's proportionate share of the net pension liability (asset)	\$ 199,612	\$ 150,666	\$ 139,189
Employer's covered payroll	\$ 46,416	\$ 45,348	\$ 47,363
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	430.05%	332.24%	293.88%
Plan fiduciary net position as a percentage of the total pension liability	88.46%	62.66%	65.02%

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

*The amounts presented have a measurement date of June 30, 2016.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Employer Contributions

Year Ended June 30, 2017

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees Retirement System of Louisiana (System):					
2015	\$ 11,295	\$ 11,295	\$ -	\$57,191	19.7%
2016	\$ 12,480	\$ 12,480	\$ -	\$63,189	19.8%
2017	\$ 16,204	\$ 16,204	\$ -	\$71,227	22.7%
Louisiana State Employees' Retirement System:					
2015	\$ 19,449	\$ 19,449	\$ -	\$47,363	41.1%
2016	\$ 17,407	\$ 17,407	\$ -	\$45,348	38.4%
2017	\$ 17,638	\$ 17,638	\$ -	\$46,416	38.0%

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

OTHER SUPPLEMENTAL INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of General Government Expenditures-Governmental Fund

Year Ended June 30, 2017

	General Fund	Special Revenue Fund	Total
Attorney, witness and curator fees	\$ 1,813	\$ 14	\$ 1,827
Audit fees	9,000	-	9,000
Bank charges	464	989	1,453
Civil fees-Judge and Marshall	-	65,047	65,047
Clerical	52,096	-	52,096
Conventions and seminars	20,371	-	20,371
Court cost refunds	-	21,168	21,168
Dues	1,025	-	1,025
Janitorial services	1,370	-	1,370
Judge ad hoc	2,185	-	2,185
Library	2,621	6,763	9,384
Miscellaneous	2,922	2,122	5,044
Miscellaneous services	3,873	20,414	24,287
Office supplies and postage	26,412	1,296	27,708
Recordation of judgment	90	12,445	12,535
Repairs and maintenance	15,205	-	15,205
Retirement funds - Clerical	16,204	-	16,204
Retirement funds - Judge	-	17,642	17,642
Supplementary state fees	-	21,570	21,570
Taxes	3,589	681	4,270
Telephone	5,274	-	5,274
Utilities	368	-	368
	<u>\$ 164,882</u>	<u>\$ 170,151</u>	<u>\$ 335,033</u>

OTHER INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2017

Chief Executive Officer: Charles Schrupf, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 46,416
Benefits - insurance	-
Benefits - retirement	17,642
Benefits - cell phone	-
Mileage	1,125
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	4,279
Conference registration	799
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	1,888
Dues	500



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

RAYMOND GUILLORY, JR., C.P.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
GRAHAM A. PORTUS, E.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BARLOW, C.P.A.
BRIAN MCCAIN, C.P.A.

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

December 6, 2017

Honorable Charles Schrupf, Judge
City Court of Sulphur in and for Ward Four
Sulphur, 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana, a component unit of the City of Sulphur, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise City Court of Sulphur in and for Ward Four's basic financial statements and have issued our report thereon dated December 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Court of Sulphur in and for Ward Four'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a 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*, 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control

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that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Sulphur in and for Ward Four's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

City Court of Sulphur in and for Ward Four's Responses to Findings

City Court of Sulphur in and for Ward Four's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City Court of Sulphur in and for Ward Four'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Findings and Responses

Year Ended June 30, 2017

I. Summary of Auditors' Results

Auditor issued an unqualified opinion on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? ___yes xno

Control deficiency(s) identified that are
not considered to be material weakness(es)? xyes ___none reported

Noncompliance material to financial statements
noted? ___yes xno

II. Financial Statement Findings

Finding 2017-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the City Court's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned/ Management Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Continued

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Findings and Responses - Continued

Year Ended June 30, 2017

III. Federal Award Findings and Questioned Costs

N/A

IV. Prior Year Audit Findings

Item 2016-001: Segregation of duties –due to lack of sufficient financial resources, this cannot be resolved. This is a repeat finding in 2017.

Item 2016-002: Budgetary control –this issue has been satisfactorily resolved.



Gragson, Casiday & Guillory, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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December 6, 2017

City Court of Sulphur in and for Ward Four
Sulphur, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana, a component unit of the City of Sulphur, Louisiana, and the Louisiana Legislative Auditor (LLA) on control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUP's) for the fiscal year July 1, 2016 through June 30, 2017. The City Court's management is responsible for those C/C areas identified in the SAUP's.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - 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 City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - c) *Disbursements*, including processing, reviewing, and approving.
The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- 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 City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- 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 City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

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

The City Court does not have a complete written policies and procedures manual. A written policies and procedures manual will be adopted in the next year.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The City Court does not have a board or finance committee.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The City Court does not have minutes nor monthly budget-to-actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The City Court does not have a board or finance committee.

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.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). 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;

For each bank account selected, the accounts were reconciled.

- 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

The Clerk Administrator, a member of management, prepared each bank reconciliation. There is no evidence that another member of management has reviewed each bank reconciliation.

- 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.

Management has documented its research on items outstanding for more than 6 months.

Collections

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

The listing was provided by management.

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

- 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.

For the one and only location, all employees are bonded. Deputy Clerks accept payments and issue receipts. Clerk Administrator or Clerk of Court record related transactions. The Clerk Administrator reconciles the bank accounts. Each Deputy Clerk has individual access code to cash drawer.

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

The entity utilizes sequentially number receipts, system report and reconciliation worksheets. Cash collections are reconciled to the general ledger by revenue source and agency fund additions by Clerk Administrator, who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Deposits are made either same day as collections or next day.

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

For the week selected, daily cash collections are completely supported by documentation without exception.

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

The City Court does not have a complete written policies and procedures manual.

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

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

The listing was provided by management.

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

Randomly selected 25 disbursements and obtained supporting documentation for each transaction.

- 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.

Not applicable, the City Court does not use purchase order system.

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

Not applicable, the City Court does not use purchase order system.

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

All 25 disbursement invoices were approved by check signatures; however, approval documentation was not reflected on the invoices. In addition, one check only contained one signature while two signatures are required on all checks.

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

Both the Clerk of Court and Clerk Administrator have the authority to sign checks, perform accounts payable payment processing, and add vendors to the City Court's system.

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

Both the Clerk of Court and Clerk Administrator have signatory authority, make final authorization for disbursements, can initiate purchases and record purchases.

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

The City Court's checks are printed on blank check stock and kept locked in Clerk's desk. Both the Clerk of Court and Clerk Administrator have access to the locked checks and 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.

Two clerks have signature stamps and are maintained under each clerk's control. Signed checks are maintained under the control of the Clerk of Court until mailed.

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.

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. 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.)]

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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)

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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

The City Court does not have a complete written policies and procedures manual.

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

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

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.

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

The City Court does not have written policies; however, established travel and expense reimbursement rates do exist. Actual reimbursement amounts for per diem and mileage rates exceeded 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 entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

For the expense reimbursements tested, reimbursements were made in accordance to written policy of reimbursements at I.R.S. 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 reimbursed based on an established per diem amount.

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

Each expense was reimbursed based on an established per diem amount.

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

Each expense was supported by a conference brochure.

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

The City Court's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

Reimbursements selected for testing were approved by utilizing dual signatures on checks by other than those receiving reimbursement.

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.

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.

Three of the five highest paid vendors have formal/written contracts with amounts to be paid. The other two were paid from submitted invoices.

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

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

The contracts/vendors were not subject to the public bid law.

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

Solicited quotes were not obtained.

- 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.

One of the contracts was amended. The amendment increased the payment amount and was allowed within the terms of the original contract.

- 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.

All but one of the invoices and related payments selected for testing agreed to the terms and conditions stated in the contract/invoices. The exception was related to the one amended contract referenced in 21 c) above. The amended contract could not be located.

- 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).

The City Court does not have a board or finance committee.

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.

- 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.

Compensation payments were made in accordance to pay rate structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no changes to pay rates/salaries during this period

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)

All attendance and leave were properly documented.

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

Attendance and leave were properly approved.

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

Written leave records are maintained reflecting the hours earned, the hours used, and the balance available.

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 was no employees/officials that were terminated during the fiscal period.

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.

Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes and retirement contributions were timely paid and submitted for the fiscal year.

Ethics (excluding nonprofits)

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

Of the selected employees, all completed ethics training and compliance documentation was obtained.

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

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

Debt Service (excluding nonprofits)

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

No debt was issued during the fiscal year.

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

The City Court had no outstanding debt during the fiscal year.

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

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

Other

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

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

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

The notice required by R.S. 24:523.1 is posted on the City Court's premises.

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 SAUP's. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our 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 SAUP's, 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.

Gragson, Casiday & Guillory