

CITY COURT OF SLIDELL
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Judge Bryan Haggerty
City Court of Slidell
Slidell, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Slidell (the City Court) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Judge Bryan Haggerty
City Court of Slidell
June 17, 2020

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City Court of Slidell as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statement of revenues, expenditures, and changes in fund balances - budget to actual - governmental funds, schedule of proportionate share of the net pension liability, the schedule of contributions - retirement plan, and the related notes to required supplementary information on pages 4 through 8 and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Slidell's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.



To the Honorable Judge Bryan Haggerty
City Court of Slidell
June 17, 2020

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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 17, 2020, on our considerations of City Court of Slidell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Slidell's internal control over financial reporting and compliance.

June 17, 2020
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

As financial management of City Court of Slidell (the "City Court"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City Court for the fiscal year ending December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets of the City Court exceeded its liabilities by \$1,502,857 at December 31, 2019. Of this amount, \$1,471,957 is the City Court's net investment in capital assets and the remaining \$30,900 in net position is unrestricted. The total net position of the City Court decreased by \$47,101 or 3.0%.

The City Court's total revenue was \$1,356,016 in 2019 compared to \$1,297,706 in 2018, which is an increase of \$58,310 or 4.5%.

Total expenses for the City Court during the year ended December 31, 2019 were \$1,403,117 including depreciation expense and on-behalf payments. These expenses compared to total expenses of \$1,313,284 during the year ended December 31, 2018. This represented an increase of \$89,833 or 6.8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis 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 required additional supplemental information.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and 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.

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.

The government-wide financial statements are presented on pages 9 & 10 of this report.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

FUND FINANCIAL STATEMENTS

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

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

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

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

The basic governmental fund financial statements are presented on pages 11 – 14 of this report.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Position. Activities from fiduciary funds are not included in the government-wide financial statements because the City Court cannot use these assets for its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements are presented on pages 15 – 16 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the Budgetary Comparison Schedule, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions—Retirement Plan, and the related Notes to the Required Supplementary Information. Required supplementary information can be found on pages 31 - 34 of this report.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. The following table provides a summary of the City Court's net position:

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 3,080,612	\$ 2,973,308
Capital assets	<u>1,471,957</u>	<u>1,170,669</u>
Total assets	<u>4,552,569</u>	<u>4,143,977</u>
Deferred outflows of resources	<u>26,949</u>	<u>18,879</u>
Current and other liabilities	2,786,453	2,334,858
Non-current liabilities	<u>283,502</u>	<u>271,242</u>
Total liabilities	<u>3,069,955</u>	<u>2,606,100</u>
Deferred inflows of resources	<u>6,706</u>	<u>6,798</u>
Net position:		
Investment in capital assets	1,471,957	1,170,669
Restricted for special revenue fund	-	-
Unrestricted	<u>30,900</u>	<u>379,289</u>
Total net position	<u>\$ 1,502,857</u>	<u>\$ 1,549,958</u>

Total assets increased by \$408,592 (9.9%) primarily due to capital asset additions and the change in the value of deferred compensation investments. The increase in deferred outflows are primarily due to the net difference between projected and actual earnings on pension plan investments in accordance with GASB Statement No. 68. Total liabilities increased by \$463,855 (17.8%) primarily due to increases in collected fines pending and deferred compensation due to employees.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

FINANCIAL ANALYSIS (CONTINUED)

CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>Revenues:</u>		
Program:		
Fees, fines, and charges for services	\$ 989,157	\$ 981,635
General:		
On-behalf payments	182,447	176,655
Intergovernmental	9,000	9,000
Interest income	34,905	3,350
Other	<u>140,507</u>	<u>127,066</u>
Total revenues	<u>1,356,016</u>	<u>1,297,706</u>
<u>Expenses:</u>		
Program:		
City Court	<u>1,403,117</u>	<u>1,313,284</u>
Change in net position	(47,101)	(15,578)
Net position, beginning of year	<u>1,549,958</u>	<u>1,565,536</u>
Net position, end of year	<u>\$ 1,502,857</u>	<u>\$ 1,549,958</u>

BUDGETARY HIGHLIGHTS

The original budget adopted by the City Court was amended during the fiscal year. The City Court does not budget on-behalf payments and related revenues for the salaries and related benefits of the City Court's staff which are paid directly by other governmental agencies.

CAPITAL ASSETS

The City Court's investment in capital assets, net of accumulated depreciation, amounts to \$1,471,957 as of December 31, 2019. Capital assets include equipment, furniture and fixtures, land, and leasehold improvements. During 2019, the City Court had asset additions of \$349,269 which primarily consisted of cubicle space buildouts, file room improvements, the parking lot construction, and preparation for case management software conversion. The City Court disposed of fully-depreciated computer equipment totaling \$9,452 for the year ended December 31, 2019.

CITY COURT OF SLIDELL
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The City Court is benefitting from increased efficiencies from the use of an updated case management system and is currently evaluating further software changes to enhance its ability to achieve its goals of being responsive and efficient in serving the community of East St. Tammany Parish.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The City Court is open for operations on limited hours as of the date that the financial statements were available to be issued, June 17, 2020. The future effects of these issues are unknown.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City Court's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Sherry Philips, Clerk of Court, City Court of Slidell, 501 Bouscaren Street, Slidell, LA 70458.

BASIC FINANCIAL STATEMENTS

CITY COURT OF SLIDELL
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

Exhibit "A"

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 1,359,390
Receivables, net	9,000
Restricted assets:	
Deferred compensation investments	1,687,424
Prepaid expenses	24,728
Deposits	70
Capital assets, net of accumulated depreciation	<u>1,471,957</u>
 Total assets	 <u>4,552,569</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pensions	<u>26,949</u>
 Total deferred outflows of resources	 <u>26,949</u>
<u>LIABILITIES:</u>	
Accounts payable	68,399
Salaries and related benefits payable	20,633
Net pension liability	251,326
Due to agency funds	287,588
Registry deposits	40,509
Compensated absences	32,176
Appearance bonds pending	93,742
Fines pending	588,158
Payable from restricted assets:	
Deferred compensation due employees	<u>1,687,424</u>
 Total liabilities	 <u>3,069,955</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pensions	<u>6,706</u>
 Total deferred inflows of resources	 <u>6,706</u>
<u>NET POSITION:</u>	
Net investment in capital assets	1,471,957
Unrestricted	<u>30,900</u>
 Total net position	 <u><u>\$ 1,502,857</u></u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Exhibit "B"

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> Court Costs Assessed and Charges for Services	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Governmental activities:</u>			
City Court	\$ 1,403,117	\$ 989,157	\$ (413,960)
Total governmental activities	<u>\$ 1,403,117</u>	<u>\$ 989,157</u>	(413,960)
General revenues:			
			9,000
			182,447
			34,905
			<u>140,507</u>
		Total general revenues	<u>366,859</u>
		Change in net position	<u>(47,101)</u>
		Net position - beginning	<u>1,549,958</u>
		Net position - ending	<u>\$ 1,502,857</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2019

ASSETS

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental</u>
Cash and cash equivalents	\$ 1,344,006	\$ 15,384	\$ 1,359,390
Receivables, net	-	9,000	9,000
Restricted assets:			
Deferred compensation investments	1,687,424	-	1,687,424
Due from Special Revenue Fund	149	-	149
Prepaid expenses	17,763	6,965	24,728
Deposits	<u>70</u>	<u>-</u>	<u>70</u>
 Total assets	 <u>\$ 3,049,412</u>	 <u>\$ 31,349</u>	 <u>\$ 3,080,761</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 35,576	\$ 32,823	\$ 68,399
Salary and related benefits payable	20,633	-	20,633
Due to agency funds	291,994	-	291,994
Registry deposits	40,509	-	40,509
Due to General Fund	-	149	149
Appearance bonds pending	93,742	-	93,742
Fines pending	588,158	-	588,158
Payable from restricted assets:			
Deferred compensation due employees	<u>1,687,424</u>	<u>-</u>	<u>1,687,424</u>
 Total liabilities	 <u>2,758,036</u>	 <u>32,972</u>	 <u>2,791,008</u>

FUND BALANCES:

Nonspendable	17,763	6,965	24,728
Unassigned	<u>273,613</u>	<u>(8,588)</u>	<u>265,025</u>
 Total fund balances	 <u>291,376</u>	 <u>(1,623)</u>	 <u>289,753</u>
 Total liabilities and fund balances	 <u>\$ 3,049,412</u>	 <u>\$ 31,349</u>	 <u>\$ 3,080,761</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2019

Fund balances at December 31, 2019 - total governmental funds	\$ 289,753
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	1,471,957
Deferred outflows of resources related to pensions are not reported in governmental funds	26,949
Deferred inflows of resources related to pensions are not reported in governmental funds	(6,706)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Net pension liability	(251,326)
Due to agency fund	4,406
Compensated absences payable	<u>(32,176)</u>
Net position of governmental activities as of December 31, 2019	<u><u>\$ 1,502,857</u></u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Special Revenue Fund	Total Governmental
<u>REVENUES:</u>			
Court costs assessed	\$ 459,936	\$ -	\$ 459,936
Charges for services	529,221	-	529,221
Intergovernmental	-	9,000	9,000
Interest income	34,756	149	34,905
On-behalf payments	182,447	-	182,447
Other	67,529	72,978	140,507
	<u>1,273,889</u>	<u>82,127</u>	<u>1,356,016</u>
<u>EXPENDITURES:</u>			
Current:			
Personnel costs through on-behalf payments	182,447	-	182,447
Personnel services and benefits	898,371	9,000	907,371
Telephone	5,530	1,024	6,554
Insurance, net of refunds	4,695	10,307	15,002
Repairs and maintenance	9,538	4,472	14,010
Conferences and seminars	10,527	-	10,527
Dues, subscriptions, and licenses	13,193	-	13,193
Community relations	137	-	137
Professional fees	66,384	-	66,384
Office supplies and library	31,153	13,587	44,740
Computer services	2,340	4,070	6,410
Operating leases	5,669	9,576	15,245
Witness fees	800	-	800
Filing/processing fees	12,662	-	12,662
Payroll taxes	23,021	-	23,021
Postage	11,356	-	11,356
Travel	905	-	905
Janitorial service	-	12,000	12,000
Other, net of refunds	6,210	(221)	5,989
Capital outlays	334,247	15,022	349,269
	<u>1,619,185</u>	<u>78,837</u>	<u>1,698,022</u>
Net change in fund balances	(345,296)	3,290	(342,006)
FUND BALANCES, BEGINNING	<u>636,672</u>	<u>(4,913)</u>	<u>631,759</u>
FUND BALANCES, ENDING	<u>\$ 291,376</u>	<u>\$ (1,623)</u>	<u>\$ 289,753</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds	\$	(342,006)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		301,288
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:

(Increase) in compensated absences		(6,383)
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Change in net position of governmental activities	\$	(47,101)
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The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF FIDUCIARY NET POSITION
AS OF DECEMBER 31, 2019

	Agency Funds		
	Civil Docket	Criminal Docket	Total
<u>ASSETS:</u>			
Due from general fund	\$ 217,990	\$ 69,598	\$ 287,588
Total assets	217,990	69,598	287,588
<u>LIABILITIES:</u>			
Due to others	217,990	69,598	287,588
Total liabilities	217,990	69,598	287,588
<u>NET POSITION</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Civil Docket	Criminal Docket	Total
<u>ADDITIONS:</u>			
Fines and fees collected	\$ 285,500	\$ 1,000,478	\$ 1,285,978
<u>DEDUCTIONS:</u>			
City of Slidell	-	234,372	234,372
Department of Public Safety/Machine	-	12,572	12,572
District Attorney	-	81,377	81,377
Indigent Defender	-	172,563	172,563
Juvenile Detention Center	-	18,475	18,475
Louisiana Law Enforcement	-	16,998	16,998
Parish of St. Tammany	-	180,932	180,932
Slidell City Marshal	-	117,818	117,818
State Treasurer	-	908	908
Traumatic Head & Spinal Cord Injury	-	9,951	9,951
Crimestoppers	-	7,374	7,374
Criminalistics Lab	-	101,911	101,911
Department of Public Safety/Services	-	37,660	37,660
Louisiana Supreme Court	-	12,916	12,916
Covington Clerk of Court	29,534	-	29,534
Garnishee	75	-	75
Judge Fee	130,879	-	130,879
Judge Supplemental Compensation Fund	64,085	-	64,085
Refunds of Filing Fees	195	-	195
Refunds of Unused Court	20,009	-	20,009
Secretary of State	1,150	-	1,150
Service Marshal	28,590	-	28,590
Service Sheriff	11,419	-	11,419
Judicial College Fund	712	-	712
Total deductions	<u>286,648</u>	<u>1,005,827</u>	<u>1,292,475</u>
Net change	(1,148)	(5,349)	(6,497)
Fiduciary liabilities, beginning	<u>219,138</u>	<u>74,947</u>	<u>294,085</u>
Fiduciary liabilities, ending	<u><u>\$ 217,990</u></u>	<u><u>\$ 69,598</u></u>	<u><u>\$ 287,588</u></u>

The accompanying notes are an integral part of this statement

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Formation and Operations

The City Court of Slidell (the “City Court”) was created by a special legislative act. Its jurisdiction extends throughout all of Wards 8 and 9 of St. Tammany Parish. The City Court handles civil suits up to \$50,000, certain criminal matters and collects certain funds pursuant to state statute, which are under the control of the City Court and are reported in the accompanying financial statements.

Reporting Entity

The City Court of Slidell is composed of a City Judge, a Marshal, and a Clerk of Court. The Judge and the Marshal are elected at the Congressional election every six years.

The financial statements include all organizations, activities, and functions that comprise the City Court. Component units are legally separate entities for which the City Court (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the City Court’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City Court. Using these criteria, the City Court has no component units.

Basis of Presentation

The accompanying 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 No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Government-Wide Financial Statements-(GWFS)

The statement of net position and the statement of activities display information about the City Court as a whole. These statements include all of the financial activities of the City Court. Information contained in these columns reflects the economic resources measurement and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50 (GASB 34, as amended by GASB 63).

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (GWFS) (continued)

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and building are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements, or construction in progress. Depreciable assets are presented net of accumulated depreciation in the statement of net position.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the City Court. Program revenues are derived directly from Court users as fees for services; program revenues reduce the cost of the function to be financed from the City Court's general revenues. Program revenues also consist of operating grants and contributions which are resources restricted for operating purposes of a program.

Fund Financial Statements (FFS)

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities of attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The various kinds in the financial statements in this report are grouped into three broad categories as follows:

General Fund Type

Governmental funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. During 2019, the City Court maintained a General Fund to account for all these general activities.

Special Revenue Fund

The City Court's special revenue fund accounts for the Judicial Building Funds and other intergovernmental revenues that are restricted to be used for improvements to and upkeep of the court house.

Fiduciary Fund Type

Agency funds are used to account for assets held by the City Court of Slidell, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt and compensated absences are recorded as fund liabilities when due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures when incurred. Court fines and fees and interest are recorded when earned and measurable.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. The City Court of Slidell presents, adopts, and amends an operating budget as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. All appropriations, which are not expended, lapse at year-end. Unexpended appropriations and any excess revenues over expenditures are carried forward to subsequent year as beginning fund balance.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, certificates of deposit, and money market accounts. It is the policy of the City Court to treat these asset types and highly liquid investments with a maturity of ninety (90) days or less as cash equivalents.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)

Louisiana revised statutes authorize the City Court to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Capital Assets

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized. All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets over \$5,000 are capitalized. Depreciation is computed using the straight-line method over estimated lives of 5 years for furniture, fixtures, and equipment, 20 years for the criminal case management system, and 25 years for leasehold improvements.

Prepaid Expenses

Prepaid expenses represent the unused portion of insurance and equipment maintenance policies in effect at the balance sheet date.

Use of Estimates in the Preparation of Financial Statements

The preparation of the City Court's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 2019 financial statements.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The City Court's policy permits all full time City Court employees who are paid on a salary basis and work a regular full-time work week earn paid time off ("PTO"). An employee may accumulate up to a maximum of thirty days of PTO. Any earned time in excess of thirty days shall be paid to the employee on their anniversary date.

The following is a schedule of the rates for paid time off:

<u>Service</u>	<u>Paid Time-Off Days</u>
< 1 year	0
1 - 5 years	15
6 - 10 years	20
>10 years	25

The cost of current leave privileges is recognized as a current-year expenditure in the General Fund when the leave is actually taken. At December 31, 2019, the City Court recognized \$32,176 of accrued compensated absences on the statement of net position.

Fines Pending and Civil Fees on Deposit

Fines pending represent partial payments on fines collected by the Probation Department. Once fines have been collected in full, the City Court records its share of the fines as revenues and distributes the remaining amounts that are collected for other agencies.

Deposits on pending civil cases represent deposits received until a disposition of a case is finalized at which point the deposits are distributed.

Appearance bonds pending

Appearance bonds pending represent amounts collected for cases that have not been settled at year end. When these cases are settled, the City Court will record its share of these amounts as revenues and the remaining amounts will be distributed to other agencies.

Equity Classifications

In the government-wide financial 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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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 - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The Judge, as the highest level of decision-making authority, can establish, modify, or rescind a fund balance commitment. For assigned fund balance the Judge authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the City Court's policy to use restricted resources first, then unrestricted as needed. When committed, assigned, or unassigned fund balances are available for use, it is the City Court's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Date of Management Review

Management has evaluated subsequent events through June 17, 2020, the date which the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2019, the City Court had cash and cash equivalents (book balances) totaling \$1,359,390. These deposits are stated at cost. 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 December 31, 2019, the City Court had \$1,331,739 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$250,000 of federal deposit insurance (GASB Category 1) and the remaining deposits of \$1,081,739 are covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

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

(3) RECEIVABLES

Receivables at December 31, 2019, were entirely comprised of a \$9,000 intergovernmental receivable from the City of Slidell. No allowance for uncollectible accounts was required at December 31, 2019.

(4) CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2019:

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2019</u>
Capital assets not being depreciated:				
Land	\$ 138,023	\$ -	\$ -	\$ 138,023
Construction in progress	<u>77,847</u>	<u>329,718</u>	<u>(14,794)</u>	<u>392,771</u>
Total capital assets not being depreciated	<u>215,870</u>	<u>329,718</u>	<u>(14,794)</u>	<u>530,794</u>
Capital assets being depreciated				
Furniture, fixtures and equipment	471,811	-	(9,452)	462,359
Leasehold improvements	<u>873,075</u>	<u>34,345</u>	<u>-</u>	<u>907,420</u>
Total capital assets being depreciated	1,344,886	34,345	(9,452)	1,369,779
Less accumulated depreciation	<u>(390,087)</u>	<u>(47,981)</u>	<u>9,452</u>	<u>(428,616)</u>
Total capital assets being depreciated, net	<u>954,799</u>	<u>(13,636)</u>	<u>-</u>	<u>941,163</u>
Total capital assets, net	<u>\$ 1,170,669</u>	<u>\$ 316,082</u>	<u>\$ (14,794)</u>	<u>\$ 1,471,957</u>

For the year ended December 31, 2019, \$47,981 in depreciation expense was allocated to judicial activities.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS

Deferred Compensation Plan

In 1991, the City Court adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Court employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency.

The City Court funds all amounts of compensation deferred under the Plan at the direction of the covered employees through investments in annuity contracts underwritten by Empower Retirement, which is the plan administrator. The City Court contributes a certain percentage of the employees' gross salary to the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employees or other beneficiary) are solely the property and rights of the City Court subject only to the claims of the City Court's general creditors. Participants' rights under the plan are equal to those of general creditors of the City Court in an amount equal to the fair value of the deferred account for each participant. The City Court has no liability for losses under the plan but does have the duty of due care. The City Court contributed \$70,085 to the plan in 2019. The market value of the plan assets as of December 31, 2019, is \$1,687,424.

Description - LASERS

The City Judge is a member of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Funding Policy - LASERS

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

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS (CONTINUED)

Contributions – LASERS

For the LASERS system, contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Under the terms of the plan, the Judge contributes a specified percentage of his gross earnings and the City Court also contributes a specified percentage. For the year ending December 31, 2019, the actual employer contribution rate and the actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	11.50% \$ 7,784	11.50% \$ 7,784
Employers	<u>41.27% 27,933</u>	<u>41.27% 27,933</u>
	<u>52.77% \$ 35,717</u>	<u>52.77% \$ 35,717</u>

The City Court's contributions to the LASERS system for the year ending December 31, 2019 were approximately \$27,933 equal to the required contribution for the year.

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

At December 31, 2019, the City Court reported a liability totaling \$251,326 representing its proportionate share of the net pension liability for the LASERS systems. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City Court's proportion of the Net Pension Liability was based on a projection of the City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City Court's proportion was .003469% for the LASERS system, which was an increase of .000013% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City Court recognized pension payments in its agency funds for LASERS systems totaling \$25,648. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$2,285.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – LASERS (continued)

At June 30, 2019, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,543	\$ 522
Change in assumptions	2,154	-
Net difference between projected and actual earnings on pension plan investments	8,683	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	6,184
Employer contributions subsequent to the measurement date	<u>14,569</u>	<u>-</u>
Total	<u>\$ 26,949</u>	<u>\$ 6,706</u>

Employer contributions subsequent to the measurement date totaling \$14,569 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$ 5,649
2021	(5,619)
2022	2,389
2023	<u>3,255</u>
Total	<u>\$ 5,674</u>

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – LASERS System

The total pension liability in the June 30, 2019, actuarial valuations for the LASERS System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.60% per annum
Inflation	2.5% per annum
Expected Remaining Service Lives	2 years
Mortality Rates	Non-disabled members – Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018. 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 (2014-2018) experience study of the System's members.
Salary increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.8%	14.0%

Cost of Living Adjustments – The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.24%
Domestic equity	4.83%
International equity	5.83%
Domestic Fixed Income	2.79%
International Fixed Income	4.49%
Alternative Investments	8.32%
Global Asset Allocation	5.06%
Total fund	6.09%

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at the contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (continued)

Sensitivity of the City Court's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City Court's proportionate share of the Net Pension Liability using the discount rate of 7.60%, as well as what the City Court's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>LASERS System</u>		
		<u>Current</u>	
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.60%</u>	<u>7.60%</u>	<u>8.60%</u>
Court's proportionate share of the Net Pension Liability \$	317,206	\$ 251,326	\$ 195,680

Detailed information about the pension plan's fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

(6) LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term obligations:

	<u>Balance at</u>		<u>Balance at</u>
	<u>January 1,</u>	<u>Net Increase</u>	<u>December 31,</u>
	<u>2019</u>	<u>(Decrease)</u>	<u>2019</u>
Compensated absences	\$ 25,793	\$ 6,383	\$ 32,176
Net pension liability	<u>245,449</u>	<u>5,877</u>	<u>251,326</u>
Total	<u>\$ 271,242</u>	<u>\$ 12,260</u>	<u>\$ 283,502</u>

(7) OPERATING LEASES

The City Court has cancelable and non-cancelable operating leases for the rental of office equipment. All leases terms have expired and are month to month. The total amount charged to lease expense as a result of all operating leases was \$15,245 for the year ended December 31, 2019.

CITY COURT OF SLIDELL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(8) EXPENSES OF THE CITY COURT PAID BY OTHERS

The accompanying financial statements do not include certain portions of the City Court's expenses paid directly by other governmental entities. In compliance with Louisiana Revised Statute 13:2487.16, the City of Slidell furnishes a suitable court room and offices for the Clerk of Court, and the expenses of operation and maintenance of the City Court room and offices are legislatively mandated to be borne by the City of Slidell and St. Tammany Parish equally.

Compensation paid to the Judge and the Clerk of Court, has been prepared in compliance with Louisiana Revised Statute 13:1875 and 13:1874. Under statute 13:1875 the City of Slidell and St. Tammany Parish paid salaries and fringe benefits totaling \$113,155 on behalf of the City Court. Under statute 13:1874 the State of Louisiana paid annual salary and fringe benefits totaling \$69,292 on behalf of the City Court. The fringe benefits paid by the state include contributions of \$20,166 to LASERS. On-behalf payments totaling \$182,447 are included in the General Fund as revenues and personnel cost in the accompanying financial statements.

(9) SUBSEQUENT EVENT

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 17, 2020, and determined that the event below occurred that require disclosure.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. City Court is open for operations on limited hours as of the date that the financial statements were available to be issued. The future effects of these issues are unknown.

On June 12, 2020, the governor of Louisiana signed ACT 205-HB 757 that will change the City Court of Slidell's name to the City Court of East St. Tammany.

No additional subsequent events occurring after this date have been evaluated for inclusion in these financial statements

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF SLIDELL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund						Special Revenue Funds			
	Original Budget	Final Budget	Actual Amounts (GAAP)	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES:										
Court costs assessed	\$ 500,000	\$ 459,935	\$ 459,936	\$ -	\$ 459,936	\$ 1	\$ -	\$ -	\$ -	\$ -
Charges for services	500,000	529,220	529,221	-	529,221	1	-	-	-	-
Intergovernmental	-	-	-	-	-	-	9,000	9,000	9,000	-
Interest	4,600	34,755	34,756	-	34,756	1	400	150	149	(1)
On-behalf payments	-	-	182,447	(182,447)	-	-	-	-	-	-
Other	61,100	67,534	67,529	-	67,529	(5)	81,000	72,978	72,978	-
Total revenues	1,065,700	1,091,444	1,273,889	(182,447)	1,091,442	(2)	90,400	82,128	82,127	(1)
EXPENDITURES:										
Current:										
Personnel costs through on-behalf payments	-	-	182,447	(182,447)	-	-	-	-	-	-
Personnel services and benefits	900,700	876,208	898,371	-	898,371	(22,163)	9,000	9,000	9,000	-
Telephone	5,680	5,530	5,530	-	5,530	-	1,020	1,024	1,024	-
Insurance	24,000	4,695	4,695	-	4,695	-	-	10,307	10,307	-
Repairs and maintenance	22,000	24,413	9,538	-	9,538	14,875	4,000	4,472	4,472	-
Conferences & seminars	9,600	12,085	10,527	-	10,527	1,558	-	-	-	-
Dues, subscriptions, and licenses	13,500	13,193	13,193	-	13,193	-	-	-	-	-
Community relations	1,000	3,365	137	-	137	3,228	-	-	-	-
Professional fees	54,500	66,384	66,384	-	66,384	-	-	-	-	-
Office supplies and library	7,200	11,447	31,153	-	31,153	(19,706)	4,750	14,908	13,587	1,321
Computer services	750	2,340	2,340	-	2,340	-	14,250	4,070	4,070	-
Operating leases	4,800	5,669	5,669	-	5,669	-	10,200	9,576	9,576	-
Witness fees	3,100	1,000	800	-	800	200	-	-	-	-
Filing/processing fees	10,025	12,228	12,662	-	12,662	(434)	-	-	-	-
Payroll taxes	17,000	23,021	23,021	-	23,021	-	-	-	-	-
Postage	18,000	15,168	11,356	-	11,356	3,812	-	-	-	-
Travel	2,000	905	905	-	905	-	-	-	-	-
Janitorial service	-	-	-	-	-	-	12,000	12,000	12,000	-
Other	3,800	222	6,210	-	6,210	(5,988)	-	-	(221)	221
Capital outlays	214,820	334,247	334,247	-	334,247	-	35,180	15,022	15,022	-
Total expenditures	1,312,475	1,412,120	1,619,185	(182,447)	1,436,738	(24,618)	90,400	80,379	78,837	1,542
Excess (deficiency) of revenues over (under) expenditures	(246,775)	(320,676)	(345,296)	-	(345,296)	(24,620)	-	1,749	3,290	1,541
FUND BALANCE, BEGINNING	636,672	636,672	636,672	-	636,672		(4,913)	(4,913)	(4,913)	
FUND BALANCE, ENDING	\$ 389,897	\$ 315,996	\$ 291,376	\$ -	\$ 291,376		\$ (4,913)	\$ (3,164)	\$ (1,623)	

(See Independent Auditors' Report)

CITY COURT OF SLIDELL
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019*

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana State Employees' Retirement System</u>						
City Court's Proportion of the Net Pension Liability	0.003469%	0.003599%	0.003614%	0.003759%	0.003522%	0.003604%
City Court's Proportionate Share of the Net Pension Liability	\$ 251,859	\$ 245,449	\$ 254,382	\$ 295,177	\$ 239,549	\$ 225,354
City Court's Covered-Employee Payroll	\$ 66,240	\$ 65,928	\$ 66,073	\$ 66,779	\$ 65,089	\$ 64,495
City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	380.22%	372.30%	385.00%	442.02%	368.03%	349.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	64.30%	62.54%	57.73%	62.66%	65.02%

Note: 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, 2019, 2018, 2017, 2016, 2015, and 2014, respectively.*

CITY COURT OF SLIDELL
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<u>Louisiana State Employees' Retirement System</u>						
Contractually Required Contribution	\$ 27,933	\$ 26,398	\$ 25,108	\$ 25,377	\$ 27,012	\$ 23,412
Contributions in Relation to the Contractually Required Contribution	<u>(27,933)</u>	<u>(26,398)</u>	<u>(25,108)</u>	<u>(25,377)</u>	<u>(27,012)</u>	<u>(23,412)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Court's Covered-Employee Payroll	\$ 67,688	\$ 65,830	\$ 65,791	\$ 66,694	\$ 65,089	\$ 64,495
Contributions as a Percentage of Covered-Employee Payroll	41.27%	40.10%	38.16%	38.05%	41.50%	36.30%

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

OTHER SUPPLEMENTARY INFORMATION

CITY COURT OF SLIDELL
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2019

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

There were no changes of benefit terms during any of the years presented.

Changes of Assumptions

During the year ended December 31, 2019, the Louisiana State Employees' Retirement System (LASERS) adjusted its assumption of the investment rate of return and the discount rate from 7.65% to 7.60%. LASERS lowered its inflation rate assumption from 2.75% to 2.50%. Additionally, LASERS adjusted its expected remaining service lives from 3 years to 2 years. Mortality rates used changed from RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 to RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018. The adjusted the ranges of its salary increase assumptions from 3.4% – 14.3% to 3.2% – 14.0%.

During the year ended December 31, 2018, LASERS adjusted its assumption of the investment rate of return and the discount rate from 7.70% to 7.65%.

During the year ended December 31, 2017, the LASERS adjusted its assumption of the investment rate of return and the discount rate from 7.75% to 7.70%. LASERS lowered its inflation rate assumption from 3.0% to 2.75%. Additionally, LASERS adjusted the ranges of its salary increase assumptions from 3.6% – 14.5% to 3.4% – 14.3%.

There were no changes in assumptions during any other years presented.

CITY COURT OF SLIDELL **Schedule "A-4"**
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Judge James Lamz</u>
Salary	\$ 67,688
Benefits - insurance (life and disability)	659
Benefits - retirement defined benefit plan	27,933
Benefits - retirement defined contribution plan	8,123
Registration fees	648
Business meals	<u>14</u>
 Total compensation, benefits, and other payments	 \$ <u><u>105,065</u></u>

**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***

To the Honorable Judge Bryan Haggerty
City Court of Slidell
Slidell, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of City Court of Slidell, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City Court of Slidell's basic financial statements, and have issued our report thereon dated June 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Court of Slidell's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Slidell's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court of Slidell'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* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Honorable Judge Bryan Haggerty
City Court of Slidell
June 17, 2020

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

June 17, 2020
New Orleans, Louisiana

Erickson Krentel, LLP
Certified Public Accountants

CITY COURT OF SLIDELL
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I SUMMARY OF AUDIT RESULTS

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the City Court of Slidell.
2. No material weaknesses or significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City Court of Slidell were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2019.

SECTION II FINANCIAL STATEMENT FINDINGS

There were no financial statement findings related to the year ended December 31, 2019.

CITY COURT OF SLIDELL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended December 31, 2018.

CITY COURT OF SLIDELL
SLIDELL, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2019



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judge Bryan D. Haggerty
and Management of City Court of Slidell
Slidell, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City Court of Slidell and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the agreed upon procedures for the year ended December 31, 2019 in accordance with Act 774 of 2014 Regular Legislative Session. The City Court of Slidell's management is responsible for those C/C areas identified in the agreed upon procedures.

This agreed-upon procedures engagement was performed 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 those parties specified in the 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.

Our procedures and findings are detailed in Schedule "1".

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the agreed upon procedures, 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.

June 19, 2020
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

CITY COURT OF SLIDELL
AGREED-UPON PROCEDURES
JANUARY 1, 2019 TO DECEMBER 31, 2019

Payroll and Personnel

1. **Procedures:** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
2. **Results:** Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
3. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #1 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
4. **Results:** Randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #1 above, obtained attendance records and leave documentation for the pay period, and:
 - d) Observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - e) Observed that supervisors approved the attendance and leave of the selected employees/officials.
 - f) Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

CITY COURT OF SLIDELL
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

5. **Procedures:** Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: Obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

6. **Procedures:** Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Information Technology Disaster Recovery/Business Continuity

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: The City Court of Slidell's written policies over information technology disaster recovery/business continuity does not specifically address (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates. The items were specifically addressed in a separate policy over electronic security and backup. This is not an exception.

CITY COURT OF SLIDELL
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

2. **Procedures:** Perform the following sub-procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have active antivirus software and that the antivirus, operating system, and accounting system software are the most recent versions available (i.e. up-to-date).

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

1. **Procedures:** Obtain and inspect the entity's written sexual harassment policies and procedures and observe that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344, including agency responsibilities and prohibitions; annual employee training; and annual reporting requirements.

Results: Obtained and inspected the entity's written sexual harassment policies and procedures and observed that they address all requirements of Louisiana Revised Statutes (R.S.) 42:342-344.

2. **Procedures:** Obtain a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/elected officials/board members, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

CITY COURT OF SLIDELL
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2019 TO DECEMBER 31, 2019

3. **Results:** Obtained a listing of employees/elected officials/board members employed during the fiscal period and management's representation that the listing is complete. Selected 5 employees/elected officials/board members, obtained their sexual harassment training documentation, and observed that the documentation demonstrates each employee/elected official/board member completed at least one hour of sexual harassment training during the calendar year.

4. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Results: Observed that the entity has posted its sexual harassment policy and complaint procedure was not posted on its website, but it was posted in a conspicuous location on the entity's premises. This is not an exception.

5. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.

Results: Obtained the entity's annual sexual harassment report for the current fiscal period and observed that it includes the applicable requirements of R.S. 42:344. The report did not include a space for the entity to date it. Viewed copy of submission and noted the date was before February 1. This is not an exception.