

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

**Financial Statements With Auditors' Report**

**As of and For the Year Ended December 31, 2018**

City of Shreveport City Court  
Shreveport, Louisiana

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## Independent Auditors' Report

City of Shreveport City Court  
Shreveport, Louisiana

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court, a component unit of the City of Shreveport, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Shreveport City Court's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court as of December 31, 2018, and the respective changes in

financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shreveport City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 25 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Heads is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 25 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2019, on our consideration of City of Shreveport City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Shreveport City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Shreveport City Court's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
May 28, 2019

## CITY OF SHREVEPORT CITY COURT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Shreveport City Court's financial performance provides an overview of the City Court's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the City's financial statements, which begin on page 8.

#### FINANCIAL HIGHLIGHTS

The City Court's net position decreased by \$155,953 or 3%.

The City Court's total program revenues were \$550,488 in 2018 compared to \$507,059 in 2017.

During the year ended December 31, 2018, the City Court had total expenses, excluding depreciation, of \$703,153, compared to \$661,695 in 2017.

#### USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

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

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

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

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

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

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

The City Court's total net position changed from a year ago, decreasing from \$5,132,117 to \$4,976,164. Our analysis below will focus on key elements of the total governmental funds for the 2018 and 2017 years.

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

	Governmental Activities 2018	Governmental Activities 2017
Current assets	\$ 4,859,923	\$ 5,072,500
Capital assets	143,791	81,743
Total assets	<u>5,003,714</u>	<u>5,154,243</u>
Current liabilities	<u>27,550</u>	<u>22,126</u>
Net Position		
Investment in capital assets	143,791	81,743
Restricted	553,613	782,034
Unrestricted	<u>4,278,760</u>	<u>4,268,340</u>
Total net position	<u>\$ 4,976,164</u>	<u>\$ 5,132,117</u>

Net position of the funds maintained by the City Court's governmental activities decreased by \$155,953 or 3%. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements increased by \$10,420 from \$4,268,340 at December 31, 2017 to \$4,278,760 at December 31, 2018.

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

	Governmental Activities 2018	Governmental Activities 2017
Revenues		
Programs Revenues:		
Charges for Service, Fines and Fees	\$ 550,488	\$ 507,059
Miscellaneous Income	14,044	15,114
Interest income	<u>14,808</u>	<u>9,053</u>
Total revenues	<u>579,340</u>	<u>531,226</u>
Expenses		
General governmental - judicial	<u>735,293</u>	<u>708,244</u>
Increase (decrease) in net position	<u>(155,953)</u>	<u>(177,018)</u>
Net position - beginning of year	<u>5,132,117</u>	<u>5,309,135</u>
Net position - end of year	<u>\$ 4,976,164</u>	<u>\$ 5,132,117</u>

For the funds maintained by the City Court, total revenues increased \$48,114, or 9%, from total revenues in 2017 of \$531,226 to total revenues of \$579,340 in 2018. For the funds maintained by the City Court, program revenues increased \$43,429, or 9%, from program revenue in 2017 of \$507,059 to program revenue of \$550,488 in 2018. The main reason for the increase is the addition of a fee charged for the Court Building Fund.

For the funds maintained by the City Court, total expenses increased \$27,049, or 4%, from total expenses in 2017 of \$708,244 to total expenses of \$735,293 in 2018. The primary reason for the increase is due to an increase in program services expense.

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

For the funds maintained by the City Court, the governmental funds (as presented on pages 10–11) reported a combined fund balance of \$4,824,231 which is a decrease of \$218,908 from last year.

### **Budgetary Highlights**

The City Court adopted a budget for its General Fund and special revenue funds for the year ended December 31, 2018. There were two amendments to the budget during the year. The City Court's budgetary comparison is presented as required supplementary information and shown on pages 21 through 24. Highlights for the General Fund for the year are as follows:

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

## CAPITAL ASSETS

At the end of 2018, the City Court had invested \$143,791 in capital assets from those funds maintained by the City Court. (see table 3 below)

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

	Activities 2018	Activities 2017
Computer equipment	\$ 65,907	\$ 26,161
Office furniture and improvements	77,884	55,582
Total	<u>\$ 143,791</u>	<u>\$ 81,743</u>
This year's major additions included:		
Computer equipment	\$ 54,328	\$
Office equipment	39,860	14,079
Total	<u>\$ 94,188</u>	<u>\$ 14,079</u>

More detail information about the capital assets are presented in Note 10 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting a fiscal year 2019 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as the revenues available in 2018.

It is anticipated that the governmental funds' fund balance will increase modestly by the close of 2019. For those funds maintained by the City Court, the City Court will use those revenues for program costs which are not budgeted by the City of Shreveport for the City Court. The City Court has added no major new programs or initiatives to be funded in 2019.

## CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

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

City of Shreveport City Court  
 Shreveport, Louisiana  
 Statement of Net Position  
 December 31, 2018

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,816,752
Accounts receivable	35,029
Prepaid expenses	8,142
Capital assets (net)	143,791
Total assets	5,003,714
 <b>LIABILITIES</b>	
Accounts payable	27,550
Total liabilities	27,550
 <b>NET POSITION</b>	
Investment in capital assets	143,791
Restricted for:	
Building	101,000
Probation	432,730
Pro Bono	19,883
Unrestricted	4,278,760
Total net position	\$ 4,976,164

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2018

	Functions / Programs				
	Total	Judicial	Building	Probation	Pro Bono
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Expenses:					
Materials and supplies	\$ 10,189	\$ 1,563		\$ 8,626	\$
Travel	65,700	63,324		2,376	
Depreciation	32,140	31,748		392	
Other program services	627,264	229,870	469	396,925	
Total expenses	<u>735,293</u>	<u>326,505</u>	<u>469</u>	<u>408,319</u>	
Program revenues:					
Charges for services - fines and fees	550,488	376,317	101,327	71,623	1,221
Net program revenue (expenses)	<u>(184,805)</u>	<u>49,812</u>	<u>100,858</u>	<u>(336,696)</u>	<u>1,221</u>
General revenues:					
Interest income	14,808				
Miscellaneous	14,044				
Total general revenues	<u>28,852</u>				
Change in net position	(155,953)				
Net position - beginning	<u>5,132,117</u>				
Net position - ending	<u>\$ 4,976,164</u>				

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
 Shreveport, Louisiana  
 Balance Sheet  
 Governmental Funds  
 December 31, 2018

	Major Funds			Non-Major Fund	Total Governmental Funds
	General	Building	Probation	Other Governmental - Pro Bono	
<b>Assets</b>					
Cash and cash equivalents	\$ 4,281,029	\$ 67,559	\$ 448,281	\$ 19,883	\$ 4,816,752
Accounts receivable	19,331	5,130	10,568		35,029
Due from other funds		28,311			28,311
<b>Total assets</b>	<u>\$ 4,300,360</u>	<u>\$ 101,000</u>	<u>\$ 458,849</u>	<u>\$ 19,883</u>	<u>\$ 4,880,092</u>
<b>Liabilities</b>					
Accounts payable	\$	\$	\$ 27,550	\$	\$ 27,550
Due to other funds	28,311				28,311
<b>Total liabilities</b>	<u>28,311</u>		<u>27,550</u>		<u>55,861</u>
<b>Fund balances</b>					
Restricted					
Building		101,000			101,000
Probation			431,299		431,299
Pro Bono				19,883	19,883
Unassigned	4,272,049				4,272,049
<b>Total fund balances</b>	<u>4,272,049</u>	<u>101,000</u>	<u>431,299</u>	<u>19,883</u>	<u>4,824,231</u>
<b>Total liabilities and fund balances</b>	<u>\$ 4,300,360</u>	<u>\$ 101,000</u>	<u>\$ 458,849</u>	<u>\$ 19,883</u>	

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

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

8,142

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

143,791

Net position of governmental activities

\$ 4,976,164

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

	Major Funds			Non-Major Fund	Total Governmental Funds
	General	Building	Probation	Other Governmental - Pro Bono	
Revenues:					
Charges for services - fees and fines	\$ 376,317	\$ 101,327	\$ 71,623	\$ 1,221	\$ 550,488
Interest income	13,139	106	1,507	56	14,808
Miscellaneous income	9,518	36	4,490		14,044
Total revenues	398,974	101,469	77,620	1,277	579,340
Expenditures:					
Current:					
General government:					
Operating services	230,777	469	396,925		628,171
Materials and supplies	1,563		8,626		10,189
Travel and other charges	63,324		2,376		65,700
Capital outlay	92,628		1,560		94,188
Total expenditures	388,292	469	409,487		798,248
Excess of revenues over (under) expenditures	10,682	101,000	(331,867)	1,277	(218,908)
Fund balances at beginning of year	4,261,367		763,166	18,606	5,043,139
Fund balances at end of year	\$ 4,272,049	\$ 101,000	\$ 431,299	\$ 19,883	\$ 4,824,231

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

Net change in fund balances - total governmental funds \$ (218,908)

The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. 907

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 (\$94,188) exceeded depreciation expense (\$32,140) in the current period. 62,048

Change in net position of governmental activities \$ (155,953)

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Statement of Fiduciary Net Position  
Agency Funds  
December 31, 2018

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,960,873
<b>Total assets</b>	<u>\$ 2,960,873</u>
<b>Liabilities</b>	
Unsettled deposits due to others	\$ 2,960,873
<b>Total liabilities</b>	<u>\$ 2,960,873</u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018

INTRODUCTION

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basic Financial Statements – Government-Wide Statements

The City Court's basic financial statements include both government-wide (reporting the funds maintained by the City Court as a whole) and fund financial statements (reporting the City Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City Court's cost fund, criminal fund, building fund, probation fund, and pro bono fund are classified as governmental activities. The City Court does not have any business-type activities. The government-wide statements include all funds of the City Court except for fiduciary funds.

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

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

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

for services. The net costs (by function) are normally covered by general revenue (interest and miscellaneous income). This government-wide focus is more on the sustainability of the City Court as an entity and the change in the City Court's net assets resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the City Court are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the City Court:

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City Court's general funds (cost and criminal funds), the probation fund, and the building fund are reported as major funds in the fund financial statements. The probation fund is used to account for funds collected from defendant's to defray the costs of operation of the court. The building fund is used to account for the proceeds of a \$5 per case fee assessed on all civil and small claims cases, to be used for the acquisition, maintenance, and support of an electronic case management and file system.

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

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

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

Revenues of the City Court consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual:

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

E. Cash, Cash Equivalents, and Investments

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

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

F. Capital Assets

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

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

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

G. Net Position

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

H. Fund Balance

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

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

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

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

I. Use of Estimates

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

J. Deferred Outflows/Inflows of Resources

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

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

K. Interfund Activity

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

(2) Budgets

The City Court uses the following budget practices:

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

(Continued)

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 December 31, 2018  
 (Continued)

5. The budget is available for public inspection prior to adoption.

(3) Cash and Cash Equivalents

At December 31, 2018, the City Court has cash and cash equivalents (book balances) totaling \$7,777,625, as detailed below.

A. Cash and Cash Equivalents

Petty cash	\$ 73
Demand deposits	<u>7,777,552</u>
	<u>\$ 7,777,625</u>

Reconciliation to government-wide Statement of Net Assets:

Cash and cash equivalents	\$ 4,816,752
Agency funds (not on government-wide statements)	<u>2,960,873</u>
	<u>\$ 7,777,625</u>

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

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2018, \$7,315,435 of the government's bank balance of \$7,815,435 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the pledging bank's trust department not in the City Court's name	\$ <u>7,315,435</u>
--	---------------------

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

(4) Interfund Balances

Interfund balances at December 31, 2018, consisted of \$28,311 due to the Building Fund from the General Fund. The balance represents amounts owed to the Building Fund as a result of collections received in the Violations Bureau.

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

(5) Leases

The City Court leases certain equipment under operating leases. Rental costs on those leases for the year ended December 31, 2018, were \$28,719. Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

<u>For the Year Ending</u> <u>December 31,</u>	
2019	\$ 24,359
2020	14,558
2021	12,593
2022	<u>9,444</u>
Total minimum future rentals	<u>\$ 60,954</u>

(6) Changes in Agency Fund Balances

A summary of changes in agency funds follows:

	<u>Balance at</u> <u>Jan. 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>Dec. 31, 2018</u>
Civil Division	\$ 2,082,329	\$ 1,128,815	\$ (1,016,856)	\$ 2,194,288
Violations Bureau	143,663	1,467,117	(1,474,754)	136,026
Small Claims	<u>602,634</u>	<u>260,832</u>	<u>(232,907)</u>	<u>630,559</u>
	<u>\$ 2,828,626</u>	<u>\$ 2,856,764</u>	<u>\$ (2,724,517)</u>	<u>\$ 2,960,873</u>

(7) Subsequent Events

Subsequent events have been evaluated through May 28, 2019, the date the financial statements were available to be issued. City Court is not aware of any material subsequent events.

Subsequent to December 31, 2018, the City Court entered into a contract for the purchase of a new electronic filing and case management system. Total of the contract is approximately \$1,195,000.

(8) Risk Management

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

(9) Uncertainty

A complaint has been filed with the Caddo Parish Sheriff's Office regarding certain improprieties concerning the City Court's database of violations, civil, and small claims cases. The effect of any investigation into these matters on the financial statements is not known.

(Continued)

City of Shreveport City Court  
Shreveport, Louisiana  
Notes to Financial Statements  
December 31, 2018  
(Continued)

(10) Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance Jan. 1, 2018	Additions	Deletions	Balance at Dec. 31, 2018
<u>Governmental Activities:</u>				
Capital assets, being depreciated:				
Computer equipment	\$ 232,301	\$ 54,328	\$ (70,875)	\$ 215,754
Office equipment	305,151	39,860		345,011
Office furniture and improvements	510,135			510,135
Vehicles	38,160			38,160
Total capital assets, being depreciated at historical cost	<u>1,085,747</u>	<u>94,188</u>	<u>(70,875)</u>	<u>1,109,060</u>
Less accumulated depreciation:				
Computer equipment	(206,140)	(14,582)	70,875	(149,847)
Office equipment	(272,986)	(10,038)		(283,024)
Office furniture and improvements	(486,718)	(7,520)		(494,238)
Vehicles	(38,160)			(38,160)
Total accumulated depreciation	<u>(1,004,004)</u>	<u>(32,140)</u>	<u>70,875</u>	<u>(965,269)</u>
Total capital assets, being depreciated, net	<u>81,743</u>	<u>62,048</u>		<u>143,791</u>
Governmental activities capital assets, net	<u>\$ 81,743</u>	<u>\$ 62,048</u>	<u>\$</u>	<u>\$ 143,791</u>

Depreciation expense was charged to Governmental Activities as follows:

Judicial expenses	\$ 31,748
Probation	392
	<u>\$ 32,140</u>

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

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

City of Shreveport City Court  
Shreveport, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Charges for services - fees and fines	\$ 374,000	\$ 366,000	\$ 393,816	\$ 27,816
Interest income	7,600	9,150	13,138	3,988
Miscellaneous income	9,500	9,000	13,955	4,955
Total revenues	<u>391,100</u>	<u>384,150</u>	<u>420,909</u>	<u>36,759</u>
<b>Expenditures:</b>				
Current:				
General government:				
Operating services	181,000	187,800	231,652	(43,852)
Materials and supplies	31,700	21,700	1,563	20,137
Travel and other charges	70,000	70,000	67,761	2,239
Capital outlay	63,300	138,300	92,628	45,672
	<u>346,000</u>	<u>417,800</u>	<u>393,604</u>	<u>24,196</u>
Excess of revenues over expenditures	45,100	(33,650)	27,305	60,955
Fund balances at beginning of year	<u>3,651,731</u>	<u>3,651,731</u>	<u>4,249,471</u>	<u>597,740</u>
Fund balances at end of year	<u>\$ 3,696,831</u>	<u>\$ 3,618,081</u>	<u>\$ 4,276,776</u>	<u>\$ 658,695</u>

City of Shreveport City Court  
 Shreveport, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule  
 Probation Fund  
 For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance- Favorable
	Original	Final	(Budgetary Basis)	(Unfavorable)
<b>Revenues:</b>				
Charges for services - fees and fines	\$ 80,000	\$ 67,000	\$ 68,661	\$ 1,661
Interest income	800	1,000	1,507	507
Miscellaneous income	5,000	4,200	4,490	290
Total revenues	<u>85,800</u>	<u>72,200</u>	<u>74,658</u>	<u>2,458</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Operating services	398,500	399,800	390,700	9,100
Materials and supplies	5,440	7,440	8,626	(1,186)
Travel and other charges	2,500	2,500	2,376	124
Capital outlay	1,560	1,560	1,560	
Total expenditures	<u>408,000</u>	<u>411,300</u>	<u>403,262</u>	<u>8,038</u>
Excess of revenues over expenditures	(322,200)	(339,100)	(328,604)	10,496
Fund balances at beginning of year	<u>776,885</u>	<u>776,885</u>	<u>776,885</u>	
Fund balances at end of year	<u>\$ 454,685</u>	<u>\$ 437,785</u>	<u>\$ 448,281</u>	<u>\$ 10,496</u>

City of Shreveport City Court  
 Shreveport, Louisiana  
 Notes to Required Supplementary Information  
 December 31, 2018

The City Court's budget is adopted on the cash basis for all funds. There were two amendments to the 2018 budget. Budget comparison statements included in the accompanying financial statements include the original and final amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>	<u>Probation Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 27,305	\$ (328,604)
Adjustments:		
Revenue accruals - net	(21,935)	2,962
Expenditure accruals - net	<u>5,312</u>	<u>(6,225)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 10,682</u>	<u>\$ (331,867)</u>

City of Shreveport City Court  
A Component Unit of the City of Shreveport, Louisiana  
Other Supplementary Information  
Schedule of Compensation, Benefits and Other Payments to Agency Heads  
For the Year Ended December 31, 2018

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

**SECTION I**

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

<b>Purpose</b>				
Per diem	\$ 1,298	\$ 2,950	\$ 5,015	\$ 1,180
Travel	1,602	5,632	10,812	2,546
Registration fees			285	42

**SECTION II**

**Paid by the City of Shreveport**

<b>Purpose</b>				
Salary	90,000	90,000	90,000	90,000
Benefits-insurance	7,600	1,700	12,400	1,500
Benefits-retirement	36,100	36,100	35,100	35,100
Car allowance	600	600		600
Registration fees	1,745	1,825	3,142	970

# COOK & MOREHART

*Certified Public Accountants*

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CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

City of Shreveport City Court  
Shreveport, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Shreveport City Court's basic financial statements, and have issued our report thereon dated May 28, 2019.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

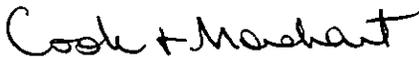
As part of obtaining reasonable assurance about whether City of Shreveport City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Current Year Audit Findings as item 2018-001.

### **The City of Shreveport City Court's Response to Findings**

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

### **Purpose of this Report**

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



Cook & Morehart  
Certified Public Accountants  
May 28, 2019

City of Shreveport City Court  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
December 31, 2018

**Summary Schedule of Prior Audit Findings**

There were no findings in the prior audit for the year ended December 31, 2017.

**Summary Schedule of Current Year Audit Findings**

There was one finding in the current audit for the year ended December 31, 2018, as noted below:

**2018-001 - Budget**

*Criteria:* The Local Government Budget Act sets for the requirements for adopting and amending the Court's budget.

*Finding:* The Court did not prepare a budget for the Building Fund in accordance with the Local Governmental Budget Act.

*Cause:* The Building Fund was a newly created fund in 2018. The Court inadvertently did not prepare a budget for the Building Fund.

*Effect:* The Court was not in compliance with the Local Government Budget Act.

*Recommendation:* We recommend that the Court prepare a budget for all governmental funds for each fiscal year.

*Management's Response:* The Court will prepare a budget for all of its governmental funds in the future.

# COOK & MOREHART

*Certified Public Accountants*

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

Robert Shemwell  
Clerk of Court

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

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

We have performed the procedures enumerated below, which were agreed to by City of Shreveport City Court (Court), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 2 (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. City of Shreveport City Court's (Court) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There was evidence that a member of management has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

### **Collections**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Each person responsible for collecting cash does not share cash drawers, was not responsible for posting collection entries to the general ledger or subsidiary ledgers; and was not responsible for reconciling cash collections to the general ledger and/or subsidiary ledger, except as noted below:

*Exceptions:* Three (3) clerks that collect cash for small claims and civil share the same cash drawer.

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

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Each employee responsible for collection cash are insured under the City of Shreveport's blanket insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

The deposits selected for testing contained sequentially pre-numbered receipts, receipts were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one business day, and the actual deposit was traced to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Court's written policies and procedures and employee job duties provide for the segregation of duties as noted above, except as noted below.

*Exception:* The employee responsible for processing payments is also the employee that adds and modifies vendor files. The employee responsible for processing payments receives the signed checks back for mailing.

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

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursements matched the related original invoices and included evidence of segregation of duties.

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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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

11. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Management provided the requested information, along with management's representation that the listing is complete. The five reimbursements selected for testing were within State of Louisiana per diem rates, supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

### **Contracts**

- 12. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The contracts selected for testing did not require board approval.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The contracts selected for testing were not amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

### **Payroll and Personnel**

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

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

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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

The Court did not issue any new debt for current fiscal year, nor does the Court have any outstanding debt.

**Other**

Testing not required for this area for the fiscal period January 1, 2018 through December 31, 2018, due to no exceptions being noted in prior year.

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

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



Cook & Morehart  
Certified Public Accountants  
May 28, 2019