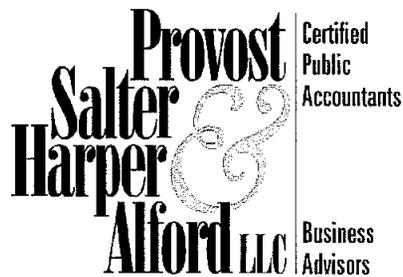


**CITY COURT OF PORT ALLEN,  
LOUISIANA**

**A COMPONENT UNIT OF  
THE CITY OF PORT ALLEN, LOUISIANA**

**FINANCIAL REPORT**

**December 31, 2017**



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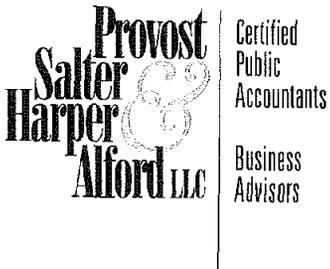
# CITY COURT OF PORT ALLEN, LOUISIANA

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*December 31, 2017*

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable William T. Kleinpeter  
City Court of Port Allen, 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 Port Allen, Louisiana, a component unit of the City of Port Allen as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Port Allen's basic financial statements as listed in the table of contents.

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

The City Court of Port Allen's 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 an opinion 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial position of the governmental activities and each major fund of the City Court of Port Allen, Louisiana as of December 31, 2017, and the 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, budgetary comparison information, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions on pages 4 through 9 and Schedules I through III, 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 an opinion on the financial statements that collectively comprise the City Court of Port Allen's basic financial statements. The schedule of compensation, benefits and other payments to agency head on Schedule IV is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the basic financial statements. The schedule of compensation, benefits and

other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 on our consideration of the City Court of Port Allen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Port Allen's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana  
June 25, 2018

## **City Court of Port Allen, Louisiana**

### **Management's Discussion and Analysis**

**December 31, 2017**

Our discussion and analysis of the City Court of Port Allen, Louisiana (Court) provides an overview of the Court's activities for the year ended December 31, 2017. Please read it in conjunction with the Court's financial statements.

#### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017 fiscal year include the following:

- The Court's net position increased due to current period operations by \$41,228.
- Program revenues of the Court were \$396,374.
- The total expenditures/expenses of the Court were \$361,467.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. These components are described below:

#### **BASIC FINANCIAL STATEMENTS**

The basic financial statements include two kinds of financial statements that present different views of the Court – the *Government-wide Financial Statements and Fund Financial Statements*. These financial statements also include the *Notes to Financial Statements* that explain some of the information in the financial statements and provide additional detail.

##### **Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Court's financial position, which assists users in assessing the Court's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenditures connected with the year even if cash has not been received or paid. The Court's financial statements contain only governmental activities. The government-wide financial statements include two statements.

## City Court of Port Allen, Louisiana

### Management's Discussion and Analysis

December 31, 2017

- The **Statement of Net Position** presents all of the Court's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Court's net position may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.
- The **Statement of Activities** presents information showing how the Court's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Court are divided into two categories: governmental funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Court.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, users may better understand the long-term impact of the Court's near-term financing decisions.

**City Court of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**December 31, 2017**

- **Fiduciary Funds.** Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

The Court has one governmental fund and two fiduciary funds.

The funds financial statements can be found immediately following the government-wide financial statements.

**Notes to Financial Statements**

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found immediately following the fund financial statements.

**City Court of Port Allen, Louisiana**  
**Management's Discussion and Analysis**  
**December 31, 2017**

**Financial Analysis of Government-Wide Activities**

**Net Position**

Net position may serve over time as a useful indicator of the Court's financial position. The Court's assets exceed liabilities by \$629,230 and \$588,002 as of December 31, 2017 and 2016, respectively.

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Assets	\$ 765,678	\$ 780,731
Liabilities and deferred inflows of resources	136,448	192,729
Total Net Position	<u>\$ 629,230</u>	<u>\$ 588,002</u>

**Change in Net Position**

The Court's net position increased by \$41,228 (7%) during the year ended December 31, 2017 compared to an increase of \$31,784 (6%) during the prior year. The percentage of the Court's total revenues derived from program revenue during the current year increased by \$30,060 (8%). Expenses increased \$23,677 (7%).

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues		
Program Revenues:		
General government-Judiciary	\$ 396,374	\$ 366,314
General Revenues:		
Investment Income	6,322	3,160
Total Revenues	<u>402,696</u>	369,474
Total Expenses - Judiciary	<u>361,468</u>	337,791
Increase (Decrease) in Net Position	<u>\$ 41,228</u>	<u>\$ 31,683</u>

**City Court of Port Allen, Louisiana**  
**Management's Discussion and Analysis**

**December 31, 2017**

**Financial Analysis of The Court's Individual Funds**

As noted earlier, the Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Court's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Court's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As a measure of the Court's liquidity, it may be useful to compare fund balance to total expenditures. Fund balance represents 161% of total fund expenditures.

The fund balance of the Court increased by \$2,853 during the current year.

**Budgetary Highlights**

The Court received \$9,455 less than budgeted revenues, with the majority of this deficiency generated by an unfavorable variance in court fees and fines. Total expenditures were \$1,308 less than the budget.

**City Court of Port Allen, Louisiana**

**Management's Discussion and Analysis**

**December 31, 2017**

**Capital Assets**

The Court's investment in capital assets as of December 31, 2017, amounts to \$79,410 (net of accumulated depreciation of \$107,249). This investment in capital assets includes leasehold improvements and office furniture and equipment. The total decrease in the Court's investment in capital assets for 2017 was \$26,359 (25%).

**COURT'S CAPITAL ASSETS**  
**(net of accumulated depreciation)**

	<b>2017</b>	<b>2016</b>
Equipment	\$ 71,104	\$ 96,728
Furniture & Fixtures	3,090	3,573
Leasehold Improvements	5,216	5,468
Total Net Assets	\$ 79,410	\$ 105,769

**Economic Factors and Next Year's Budget**

Management is unable to predict revenue as it is dependent on the level of tickets issued and the civil proceedings filed with the Court. Therefore, the budget for the year ending December 31, 2018 is set based on the actual revenue and expenditures of the previous year.

**Contacting The Court's Management**

This financial report is designed to provide a general overview of the Court's finances and to demonstrate the Court's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to William Kleinpeter, Judge, City Court of Port Allen, Louisiana at 330 S. Alexander Avenue, Port Allen, LA 70767.

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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*Basic Financial Statements*

*December 31, 2017*

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**CITY COURT OF PORT ALLEN, LOUISIANA**

*Government-Wide Financial Statements*

*December 31, 2017*

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Statement of Net Position*

*December 31, 2017*

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## ASSETS

### Current Assets

Cash	\$ 478,356
Certificates of Deposit	147,397
Investments	42,357
Prepaid expenses	1,440
Due from other funds	16,718

Total current assets 686,268

### Non-Current Assets

Capital assets, net	<u>79,410</u>
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Total Assets 765,678

## LIABILITIES

### Current Liabilities

Due to other governments	36,400
Accrued expenses	5,169
Deferred revenues	1,400
Current portion of long-term liabilities	24,000

Total current liabilities 66,969

### Non-Current Liabilities

24,000

### Deferred Inflows of Resources

45,479

Total Liabilities and Deferred Inflows of Resources 136,448

## NET POSITION

Investment in capital assets	31,410
Net position unrestricted, undesignated	<u>597,820</u>

Total Net Position \$ 629,230

# CITY COURT OF PORT ALLEN, LOUISIANA

## Statement of Activities

For the Year Ended December 31, 2017

	Program Revenues	Governmental Activities
	Charges for Services, Fines, and Forfeitures	Net Revenues and Changes in Net Position
Expenses		
<b>Functions/programs</b>		
General government-Judiciary	\$ 361,468	\$ 34,906
General revenues:		
Investment income		6,322
Change in net position		41,228
Net position - beginning		588,002
Net position - ending		\$ 629,230

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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*Fund Financial Statements*

*December 31, 2017*

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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*Balance Sheet-Governmental Fund**December 31, 2017***ASSETS**

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**Current Assets**

Cash	\$	478,356
Certificates of Deposit		147,397
Investments		42,357
Prepaid expenses		1,440
Due from other funds		16,718

**Total Assets** \$ 686,268

**LIABILITIES AND FUND BALANCE**

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**Current Liabilities**

Due to other governments	\$	36,400
Accrued expenses		5,169
Deferred revenues		1,400

**Total Liabilities** 42,969

**Fund Balance**

Unassigned, reported in general fund		<u>643,299</u>
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**Total Liabilities and Fund Balance** \$ 686,268

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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***Reconciliation of the Governmental Fund Balance  
Sheet to the Statement of Net Position******December 31, 2017***

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Total fund balance for the governmental fund at December 31, 2017	\$ 643,299
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of :	
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$107,248	79,410
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds	(45,479)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds Long-Term Debt	<u>(48,000)</u>
Total net position of governmental activities at December 31, 2017	<u><u>\$ 629,230</u></u>

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## CITY COURT OF PORT ALLEN, LOUISIANA

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

*For the Year Ended December 31, 2017*

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### REVENUES

Court fees	\$ 210,810
Intergovernmental	185,564
Investment income	<u>6,322</u>
Total revenues	<u>402,696</u>

### EXPENDITURES

Current	
General and administration	63,589
Travel	15,132
Dues and Subscriptions	650
Office expense and maintenance	13,170
Personnel expenses	283,302
Debt Service	<u>24,000</u>
Total expenditures	<u>399,843</u>

Net change in fund balance 2,853

Fund balance, beginning 640,446

Fund balance, ending \$ 643,299

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## CITY COURT OF PORT ALLEN, LOUISIANA

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

*For the Year Ended December 31, 2017*

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Total net change in fund balance at December 31, 2017 per statement of revenues, expenditures and changes in fund balance	\$ 2,853	
 The change in net position reported for the governmental activities in the statement of activities is different because:		
Depreciation expense	\$ (26,359)	(26,359)
 Pension expenses are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Changes in pension expenses		40,734
 The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets.		
Principal payments	\$ 24,000	<u>24,000</u>
Total net change in net position of governmental activities at December 31, 2017		<u>\$ 41,228</u>

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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*Statement of Fiduciary Net Position**December 31, 2017*

	<b>Fines, Fees and Court Cost</b>	<b>Civil</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 78,230	\$ 30,852	\$ 109,082
<b>Liabilities</b>			
Held for others pending court action	20,842	24,081	44,923
Due to other funds	12,913	3,840	16,753
Due to other governments	44,475	2,931	47,406
Total liabilities	78,230	30,852	109,082
Net Position	\$ -	\$ -	\$ -

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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**Statement of Changes in  
Fiduciary Net Position***For the Year Ended December 31, 2017*

	<b>Fines, Fees and Court Cost</b>	<b>Civil</b>	<b>Total</b>
<b>Additions</b>			
Deposits	\$ 973,022	\$ 56,899	\$ 1,029,921
<b>Deductions</b>			
Deposits settled to:			
Intergovernmental	753,037	1,613	754,650
Refunds of deposits	9,175	9,315	18,490
Personnel services	-	44,762	44,762
General and administration	-	445	445
Postage	-	764	764
Transfer to general fund	210,810	-	210,810
Total deductions	973,022	56,899	1,029,921
Change in net position	-	-	-
Net position at beginning of year	-	-	-
Net position at end of year	\$ -	\$ -	\$ -

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements*

*December 31, 2017*

## INTRODUCTION

The City Court of Port Allen, Louisiana (the “Court”) was established by the State of Louisiana. It has jurisdiction over all of Ward III in West Baton Rouge Parish. The Court is governed by one Judge. The Court maintains a courtroom and offices in Port Allen, Louisiana. Revenues for the Court include court costs assessed on civil and criminal cases handled by the Court and other revenues. Major expenditures of the Court include personnel services and other expenditures.

### 1. Summary of Significant Accounting Policies

**Basis of Presentation.** The accompanying basic financial statements of the City Court of Port Allen, Louisiana 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 Codification Sec. 2600, *Reporting Entity and Component Unit Presentation and Disclosure*.

**Reporting Entity.** The Court Judge is an independently elected official. However, the Court is fiscally dependent on the City of Port Allen, Louisiana (City) for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City of Port Allen, Louisiana, the financial reporting entity.

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

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

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

## Equity Classifications.

### Government-Wide Financial Statements.

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at December 31, 2017.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

### Fund Financial Statements.

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

The Court adopted the provisions of GASB Codification Sec. 1300, *Fund Accounting* in the year ended December 31, 2011. As such, fund balances of the governmental fund are classified as follows:

Nonspendable – amount that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

Committed – amounts that can be used only for specific purposes determined by a formal decision of the Judge. 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.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

It is the Court's policy to spend unrestricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is the Court's policy to spend committed or assigned fund balances first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Court does not have any policy regarding minimum fund balance amounts.

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

**General Fund.** The general fund is the primary operating fund of the court and it accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to court policy.

**Fiduciary Fund.** Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

### *Measurement Focus/Basis of Accounting.*

***Government-Wide Financial Statements (GWFS).*** The Statement of Net Position and Statement of Activities display information about the Court's office as a whole. These statements include all the financial activities of the Court's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Codification Sec. N50, *Nonexchange Transactions*.

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

***Fund Financial Statements (FFS).*** The amounts reflected in the Governmental Fund Statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's office operations.

The amounts reflected in the Governmental Fund Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

***Revenues.*** Revenues are generally recognized under the modified accrual basis of accounting when the related asset becomes both measurable and available.

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

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

**Reconciliation.** A reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position is provided on page 16. A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities is provided on page 18.

**Budgets.** The proposed budget for the 2017 fiscal year was made available for public inspection at the Court's office on December 13, 2016. The budget is legally adopted and amended, as necessary, by the Court Judge. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments, if applicable.

The budget for the General Fund is prepared on a basis that is consistent with generally accepted accounting principles (GAAP). However, the Court does not budget on-behalf payments (see Note 7) and the Court budgets for installment payment of software as an office expense transaction; therefore, adjustments were made on Schedule I to remove on-behalf payments from the actual amounts for comparison purposes to the budgeted amounts.

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

**Investments.** Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and include Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

**Capital Assets.** Capital assets are capitalized at historical cost or estimated cost. The Court maintains a threshold level of \$2,500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<b>Description</b>	<b>Estimated Lives</b>
Leasehold improvements	39
Furniture and fixtures	10
Equipment	5

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

**Risk Management.** The Court is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Court is covered by insurance provided by the City of Port Allen, Louisiana at levels which management believes is adequate to protect the Court. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

**Pensions.** For purposes of measuring Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Subsequent Events.** Subsequent events have been evaluated through June 25, 2018, which is the date the financial statements were issued.

## **2. Deposits**

At December 31, 2017, the City Court of Port Allen has cash in demand deposit accounts with a book balance of \$587,438 including \$109,082 attributable to fiduciary funds, which is not presented in the statement of net position. The City Court of Port Allen also has certificates of deposit accounts with a book balance of \$147,397.

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

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

At December 31, 2017, the Court has \$731,548 in deposits (collective bank balances). These deposits are secured from risk by \$397,397 of federal deposit insurance and \$334,151 of pledged securities.

### 3. Investments

As of December 31, 2017, the change in the Court's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance December 31, 2016	\$ 41,949	\$ 41,949
Add:		
Investment purchases	408	408
Balance December 31, 2017	<u>\$ 42,357</u>	<u>\$ 42,357</u>

Investments held at the Court of \$42,357 are invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, these investments are not categorized above because they are not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP is rated AAAM by Standard & Poor's. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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## CITY COURT OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, continued

December 31, 2017

### 4. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017 are as follows:

<b>Governmental Activities</b>	<b>Balance January 1, 2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance December 31, 2017</b>
Equipment	\$155,188	\$ -	\$ -	\$ 155,188
Furniture and fixtures	23,477	-	-	23,477
Leasehold improvements	7,994	-	-	7,994
Total	<u>186,659</u>	-	-	<u>186,659</u>
Less accumulated depreciation:				
Equipment	58,459	25,625	-	84,084
Furniture and fixtures	19,904	483	-	20,387
Leasehold improvements	2,527	251	-	2,778
Total	<u>80,890</u>	<u>26,359</u>	-	<u>107,249</u>
Capital assets, net	<u>\$105,769</u>	<u>\$ (26,359)</u>	<u>\$ -</u>	<u>\$ 79,410</u>

### 5. Retirement Commitments

#### Plan Description

The Court's Judge is provided with pension through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). 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](http://www.lasersonline.org).

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

### **Benefits Provided**

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

#### **Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retired at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement under throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5 % accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

### **Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

### **Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

### **Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years of surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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

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# CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

## **Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

### *Contributions*

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2017 are as follows:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Judges hired before 1/1/2011	Closed	11.5%	38.0%

The Court's contractually required composite contribution rate for the year ended December 31, 2017 was 38.0% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Court were \$0 for the year ended December 31, 2017, as its only employee chose to participate in DROP.

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

At December 31, 2017, the Employer reported a liability of \$0 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Court's proportion of the Net Pension Liability was based on a projection of the 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, 2017, the Court's proportion was .0%, which had not changed from its proportion measured as of June 30, 2016.

# CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

December 31, 2017

For the year ended December 31, 2017, the Court recognized pension expense of \$0 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions (\$40,734).

At December 31, 2017, the 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Court contributions and proportionate share of contributions	-	45,479
Board contributions subsequent to the measurement date	-	-
	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ 45,479</u>

\$0 reported as deferred outflows of resources related to pensions resulting from the Court's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<u>LASERS</u>
2017	\$ (45,479)
2018	-
2019	-
2020	-

# CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

December 31, 2017

## Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

<b>Valuation Date</b>	June 30, 2017
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	3 years
<b>Investment Rate of Return</b>	7.70% per annum, net of investment expenses*
<b>Inflation Rate</b>	2.75% per annum
<b>Mortality</b>	<p><b>Non-disabled members</b> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members
<b>Salary Increases</b>	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judge	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

# CITY COURT OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

December 31, 2017

## 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.

\*The investment rate of return used in the actuarial valuation for funding purposes was 8.16%, recognizing an additional 40 basis points for gain-sharing and 15 basis points to offset administrative expenses. The net return available to fund regular plan benefits is 7.61%, which is reasonable close to the 7.70% discount rate. Therefore we conclude that the 7.70% discount is reasonable.

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 of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.69% for 2017. 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, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	0.00%	-0.24%
Domestic equity	25.00%	4.31%
International equity	32.00%	5.35%
Domestic Fixed Income	8.00%	1.73%
International Fixed Income	6.00%	2.49%
Alternative Investments	22.00%	7.41%
Global Tactical Asset Allocation	7.00%	2.84%
Total Fund	100.00%	5.26%

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# CITY COURT OF PORT ALLEN, LOUISIANA

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Notes to Financial Statements, continued

December 31, 2017

## Discount Rate

The discount rate used to measure the total pension liability was 7.70%. 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 contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments

of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Employer'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>1% Decrease</u> <u>(6.70%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.70%)</u>	<u>1% Increase</u> <u>(8.70%)</u>
Court's proportionate share of the net pension liability	\$ -	\$ -	\$ -

## Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

## 6. Related Party Transactions

The City of Port Allen, Louisiana incurs expenditures on behalf of the Court. During the year ended December 31, 2017, the City paid the expenditures for other services and supplies in the amount of \$16,559 on behalf of the Court, which are not included in the accompanying financial statements.

# CITY COURT OF PORT ALLEN, LOUISIANA

*Notes to Financial Statements, continued*

*December 31, 2017*

The Court distributes a portion of all fines collected to the City. During the year ended December 31, 2017, the portion of fines collected by the Court, which were available for distribution to the City, totaled \$50,887.

## 7. On-Behalf Payments for Fringe Benefits and Salaries

In accordance with GASB Codification N50, *Non-exchange Transactions*, Sec. 129 on-behalf payments for fringe benefits and salaries are recognized as revenues and expenditures in these financial statements. The following on-behalf payments are shown as intergovernmental revenue in these financial statements. An equal amount has been included as expenditures in the personal services category.

City of Port Allen	\$ 113,186
State of Louisiana	47,644
West Baton Rouge Parish	<u>9,321</u>
	<u>\$ 170,151</u>

## 8. Non-Current Accounts Payable

During 2015 the Court acquired software by incurring a total payable of \$96,000. The following is a summary of the Court's non-current accounts payable transactions for the year ended December 31, 2017:

Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Amount due within One Year
\$ 72,000	\$ -	\$ 24,000	\$ 48,000	\$ 24,000

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Financial Statements, continued*

*December 31, 2017*

The annual requirements to amortize the non-current accounts payable as of December 31, 2017 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2018	\$ 24,000
2019	<u>24,000</u>
	<u>\$ 48,000</u>

## CITY COURT OF PORT ALLEN, LOUISIANA

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -  
Governmental Fund Type - General Fund

For the Year Ended December 31, 2017

	Actual Basis	Adjustment to Budget Basis	Actual (Budgetary Basis)	Budget		Variance Favorable (Unfavorable)
				Original	Final	
<b>Revenues</b>						
Court fees, fines, and cost	\$ 210,810	\$ -	\$ 210,810	\$ 225,000	\$ 225,000	\$ (14,190)
Intergovernmental	185,564	(170,151) (1)	15,413	16,000	16,000	(587)
Interest	6,322	-	6,322	1,000	1,000	5,322
Total revenues	402,696	(170,151)	232,545	242,000	242,000	(9,455)
<b>Expenditures</b>						
Current						
General and administration	63,589	-	63,589	70,000	70,000	6,411
Travel	15,132	-	15,132	15,000	15,000	(132)
Dues and subscriptions	650	-	650	1,000	1,000	350
Office expense and maintenance	13,170	24,000 (2)	37,170	30,000	30,000	(7,170)
Personnel expenses	283,302	(170,151) (1)	113,151	115,000	115,000	1,849
Debt Service	24,000	(24,000) (2)	-	-	-	-
Total current expenditures	399,843	(170,151)	229,692	231,000	231,000	1,308
Capital outlays	-	-	-	-	-	-
Total expenditures	399,843	(170,151)	229,692	231,000	231,000	1,308
<b>Revenues Over (Under) Expenditures</b>	<b>2,853</b>	<b>\$ -</b>	<b>\$ 2,853</b>	<b>\$ 11,000</b>	<b>\$ 11,000</b>	<b>\$ (8,147)</b>
<b>Fund Balance</b>						
Beginning	640,446					
Ending	\$ 643,299					

## Explanation of differences:

- (1) On-behalf payments are reflected as revenue and an expenditure in the Court's financial statement as required by GASB Codification Section N50, Section 129, Nonexchange Transactions. Actual amounts are reconciled on a non-GAAP basis for comparison to budget.
- (2) The Court budgeted for the installment payment towards software in office expense and maintenance rather than debt services.

## CITY COURT OF PORT ALLEN, LOUISIANA

### Schedule of Employer's Proportionate Share of the Net Pension Contributions

Year Ended December 31, 2017 \*

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<b><u>LASERS:</u></b>					
2017	0.0000%	\$ -	\$ -	0.00%	62.5%
2016	0.0000%	\$ -	\$ -	0.00%	57.7%
2015	0.0021%	\$ 141,403	\$ 35,655	396.59%	62.7%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

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

## CITY COURT OF PORT ALLEN, LOUISIANA

## Schedule of Employer's Pension Contributions

Year Ended December 31, 2017

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<b><u>LASERS:</u></b>					
2017	\$ -	\$ -	\$ -	\$ -	0.00%
2016	\$ -	\$ -	\$ -	\$ -	0.00%
2015	\$ 12,354	\$ 12,354	\$ -	\$ 33,305	37.09%
2014	\$ 14,323	\$ 14,323	\$ -	\$ 31,132	46.01%
2013	\$ 13,294	\$ 13,294	\$ -	\$ 36,975	35.95%
2012	\$ 13,486	\$ 13,486	\$ -	\$ 37,244	36.21%
2011	\$ 11,265	\$ 11,265	\$ -	\$ 44,094	25.55%
2010	\$ 7,918	\$ 7,918	\$ -	\$ 40,803	19.41%
2009	\$ 6,455	\$ 6,455	\$ -	\$ 32,347	19.96%
2008	\$ 3,689	\$ 3,689	\$ -	\$ 28,297	13.04%

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## CITY COURT OF PORT ALLEN, LOUISIANA

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*Notes to Required Supplementary Schedules  
Schedule of Employer's Proportionate Share of the  
Net Pension Liability and Schedule of Employer's  
Pension Contributions*

*December 31, 2017*

### LASERS

*Changes of Benefit Terms* include:

- A 1.5% COLA, effective July 1, 2016, provided by Act 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
- Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

### *Changes of Assumptions*

There were no changes of benefit assumptions for the year ended June 30, 2017.

**CITY COURT OF PORT ALLEN, LOUISIANA**

*Schedule of Compensation, Benefits and Other Payments to Agency Head*      *Year Ended December 31, 2017*

**Agency Head Name: William T. Kleinpeter**

<b>Purpose</b>	
Salary	\$ 112,866
Benefits-insurance	19,233
Benefits-retirement	-
Per diem	826
Dues	350
Conferences	2,200
Conference travel	886
Continuing professional education fees	1,219
	<u>\$ 137,580</u>



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Advisors

**INDEPENDENT AUDITOR'S 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 William T. Kleinpeter  
City Court of Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City Court of Port Allen, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Port Allen's basic financial statements, and have issued our report thereon dated June 25, 2018.

***Internal Control over Financial Reporting***

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. (2017-001 and 2017-002).

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.

### ***Compliance and Other Matters***

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

### **City Court of Port Allen's Response to Findings**

The City Court of Port Allen's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City Court of Port Allen'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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC



Baton Rouge, Louisiana  
June 25, 2018

**CITY COURT OF PORT ALLEN, LOUISIANA**

*Schedule of Findings and Responses*

*December 31, 2017*

**Internal Control Findings**

**Finding 2017-001**

**Material Weakness in Internal Control over Financial Reporting-Preparation of Financial Statements**

*Criteria:* Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles.

*Condition:* The City Court of Port Allen does not have a certified public accountant on staff with the technical expertise to prepare financial statements in accordance with generally accounting principles.

*Context:* Management is unable to prepare financial statements without outside assistance.

*Potential Effect:* Material misstatements in the financial statements could go undetected.

*Cause:* Management has concluded that it is not cost effective to hire a certified public accountant with the technical expertise to prepare financial statements in accordance with generally accepted accounting principles.

This is a repeat finding.

*Recommendation:* Resolution of the finding would not be cost effective, however, management should continue to evaluate the cost and related benefit of retaining a certified public accountant with technical expertise sufficient to prepare financial statements in accordance with generally accepted accounting principles.

*View of Responsible Official:* The size of the office's accounting and administrative staff does not warrant retaining personnel with such specialized expertise. The judge believes that his staff is fully competent to perform their assigned duties and has determined it is most cost effective to request that the auditor assist with preparing adjustments necessary for the financial statements to be presented in accordance with generally accepted accounting principles. We will continue to monitor this issue on an annual basis.

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**CITY COURT OF PORT ALLEN, LOUISIANA**

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*Schedule of Findings and Responses, continued*

*December 31, 2017*

**Finding 2017-002**

**Material Weakness in Internal Control over Financial Reporting-Inadequate Segregation of Duties**

*Criteria:* No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions:

- 1) Authorization of a transaction;
- 2) Recording of the transaction; and
- 3) Custody of assets involved in the transaction.

*Condition:* The entity does not employ enough personnel to achieve an optimum level of segregation of duties.

*Context:* We observed inadequate segregation of duties by observing the billing and cash payment functions during fieldwork, and through interviews of personnel and management. Cash payments and cash receipts represent the cash flow of the entity.

*Potential Effect:* Errors could occur which could affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

*Cause:* The size of the entity and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

*Recommendation:* The resolution of this finding is not under the control of the Court as it may not be cost effective, however the management should monitor the assignment of duties to insure as much segregation of duties as possible.

*View of Responsible Official:* It is not cost effective to totally correct this weakness but we do segregate duties as much as possible.

**CITY COURT OF PORT ALLEN, LOUISIANA**

*Schedule of Prior Year Findings*

*December 31, 2017*

RefNo.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding RefNo.
2016-001	2014	Financial statements are required to be prepared in accordance with generally accepted accounting principals	Unresolved	2017-001
2016-002	2016	Inadequate segregation of duties	Unresolved	2017-002
2016-003	2016	Inadequate controls to recognize long-term liabilities to ensure all transactions are recorded in the statement of net position and fund balance sheet	Resolved	N/A

**INDEPENDENT  
ACCOUNTANT'S REPORT  
ON THE APPLICATION  
OF AGREED-UPON PROCEDURES**

**City Court of Port Allen**

**September 30, 2017**





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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judge William Kleinpeter  
City Court of Port Allen

We have performed the procedures enumerated below, which were agreed to by the City Court of Port Allen and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period October 1, 2016 through September 30, 2017. The entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States. 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*

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**Procedure 1.** Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls and checks to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Findings:**

*The entity's policies do not include the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, a system to monitor possible ethics violations, a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, debt issuance approval, EMMA reporting requirements, debt reserve requirements, and debt service requirements.*

*Written policies and procedures were reviewed and determined to be adequate for all other financial/business functions.*

**Board**

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**Procedure 2:** Obtain and review board/committee minutes for the period and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Findings:**

*The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.*

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

**Findings:**

*The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.*

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

**Findings:**

*The entity does not have a board or finance committee. Therefore, this procedure was not applicable to the entity.*

***Bank Reconciliations***

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

*We obtained a listing of 4 bank accounts.*

**Procedure 4:** Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the period and report whether:

- a) Bank reconciliations have been prepared;

**Findings:**

*No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation

**Findings:**

*The bank reconciliations are not reviewed by a member of management with no involvement in the transactions associated with the bank account.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the period.

**Findings:**

*Management does not have documentation that it has researched reconciling items that have been outstanding for more than 6 months for one of the bank accounts.*

**Collections**

---

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

*Cash is only collected at the City Court office in Port Allen.*

**Procedure 6:** Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Findings:**

*Deposits totaling \$36,754 were not made within one day of collection. Collections of these deposits range from 2 to 6 days before deposit.*

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

**Findings:**

*No exceptions noted.*

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

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

*We obtained a listing of entity disbursements from management.*

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

*From the population of 384 disbursements totaling \$1,186,806, a random sample of 25 cash disbursements totaling \$66,078 was selected for testing.*

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

**Procedure 13:** If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Findings:**

*No exceptions noted.*

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

---

**Procedure 14:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*We obtained a listing of active credit cards and fuel cards.*

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

*The entity has 1 active credit card. We selected it for testing.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

**Findings:**

*The monthly statement and supporting documentation was not reviewed and approved by someone other than the authorized cardholder.*

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

**Findings:**

*No exceptions noted.*

**Procedure 16:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

## Travel and Expense Reimbursement

---

**Procedure 17:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*We obtained a listing of all travel and related expense reimbursements, by person, during the period.*

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

### **Findings:**

*Entity per diem rates are greater than the GSA Standard Rate for Louisiana.*

**Procedure 19:** Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

*Expenses for all employees totaled \$3,939. Expenses for the three employees selected totaled \$3,939.*

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#17 above) and report each reimbursement that exceeded those rates.

### **Findings:**

*No exceptions noted.*

- b) Report whether each expense is supported by:
- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
  - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
  - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

### **Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*Expense reimbursement for one person was reviewed by the person receiving reimbursement.*

**Contracts**

---

**Procedure 20:** Obtain a listing of all contracts in effect during the period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*We obtained a listing of all contracts in effect during the period, totaling \$24,000. We selected one contract, totaling \$24,000, for testing.*

**Procedure 21:** Using the listing above, select the five contract "vendors" that were paid the most money during the period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Findings:**

*No exceptions noted.*

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

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Findings:**

*No exceptions noted.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Findings:**

*No exceptions noted.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Findings:**

*The City Court does not have a board. Therefore, this procedure does not apply.*

***Payroll and Personnel***

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**Procedure 22:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

*No exceptions noted.*

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

**Procedure 24:** Obtain from management a list of those employees/officials that terminated during the period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Findings:**

*No employees terminated during the period, therefore this procedure does not apply.*

**Procedure 25:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Findings:**

*No exceptions noted.*

**Ethics (excluding nonprofits)**

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*No exceptions noted.*

**Debt Service (excluding nonprofits)**

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

**Findings:**

*No debt was issued during the period. Therefore, this procedure was not applicable.*

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*The entity did not have tax millages related to debt service. Therefore, this procedure was not applicable.*

***Other***

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

**Findings:**

*No exceptions noted.*

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

**Findings:**

*As of April 2, 2018, the City Court's website did not have the notice posted on its website.*

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

**Findings:**

*No exceptions noted.*

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.

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in cursive script that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in black ink and is positioned below the printed name of the firm.

June 26, 2018

# CITY COURT OF PORT ALLEN

WARD III - PARISH OF WEST BATON ROUGE

**WILLIAM T. KLEINPETER**  
JUDGE  
(225) 346-4702 • FAX (225) 379-3266  
WILL@PORTALLEN.CITYCOURT.COM



**MICHAEL A. ZITO**  
MARHSALL  
(225) 346-6962 • CELL (225) 405-1384  
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June 26, 2018

Provost, Salter, Harper and Alford, LLC  
8550 United Plaza Blvd, Suite 600  
Baton Rouge, Louisiana 70809

RE: Independent Accountant's Report on the Application of Agreed-Upon Procedures

The following is my response to the findings of the recent Report on Applying Agreed-Upon Procedures for the City Court of Port Allen:

Procedure 1:

The policies of City Court of Port Allen are being revised and will include these requirements.

Procedure 4 b):

Due to the size of the staff of the City Court of Port Allen, there is no one to review the bank reconciliations with no involvement in the transactions. All bank reconciliations are performed personally by the Judge.

Procedure 4 c):

All items that have been outstanding for more than 6 months will be noted after each months reconciliation.

Procedure 6 c):

As part of the City Court of Port Allen's efforts to segregate duties, except for unusual circumstances, all deposits are made personally by the Judge, usually on a daily basis.

Procedure 15 a):

The Judge is the authorized cardholder and the chief executive of the City Court of Port Allen. There is no one with the authority to approve the monthly statement and supporting documentation.

Procedure 18:

The City Court of Port Allen follows the travel and expense reimbursement rates for Louisiana courts, promulgated annually by the Louisiana Supreme Court.

Procedure 19 d):

The only person for whom expense reimbursement was reviewed by the person receiving the reimbursement would be the Judge. As an elected official and the chief executive of the City Court of Port Allen, there is no one to review these reimbursements. All documentation regarding the reimbursement is provided.

Procedure 32:

The required notice is posted in the employee break area. Although the City Court is not required to have a website, the notice will be included on the website.

If you have any questions or if any further action is needed, please contact me at (25)346-4702 or at [will@portallencitycourt.com](mailto:will@portallencitycourt.com).

Sincerely,



William T. Kleinpeter  
Judge, City Court of Port Allen