

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Financial Report

Year Ended June 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net position	10
Statement of revenues, expenditures, and changes in fund balances - governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of fiduciary fund assets and liabilities - agency funds	13
Notes to basic financial statements	14-27
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	29
Schedule of employer's share of net pension liability	30
Schedule of employer contributions	31
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	33-34
Summary schedule of current and prior year audit findings and management's corrective action plan	35-36

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Theodore M. Haik, III, Judge
City Court of New Iberia
New Iberia, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of New Iberia (Court), a component unit of the City of New Iberia, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court of New Iberia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of New Iberia, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information and the schedules of employer's share of net pension liability and employer contributions on pages 29-31 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019, on our consideration of the Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

New Iberia, Louisiana
December 5, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 54,199
Non current assets:	
Capital assets, net	<u>14,903</u>
Total assets	<u>69,102</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflow of resources - pension	<u>29,609</u>
LIABILITIES	
Current liabilities:	
Accounts and other payables	11,059
Noncurrent liabilities:	
Net pension liability	<u>249,473</u>
Total liabilities	<u>260,532</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflow of resources - pension	<u>2,798</u>
NET POSITION	
Net investment in capital assets	14,903
Unrestricted (deficit)	<u>(179,522)</u>
Total net position (deficit)	<u>\$ (164,619)</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 54,199</u>
Total assets	<u>54,199</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	<u>11,059</u>
Fund balance:	
Unassigned	<u>43,140</u>
Total fund balance	<u>43,140</u>
Total liabilities and fund balance	<u>\$ 54,199</u>

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

Total fund balances for governmental funds at June 30, 2019	\$ 43,140
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Furniture, fixture and equipment, net of \$154,521	
accumulated depreciation	14,903
Deferred outflows of expenditures are not a use of current resources and, therefore, are not reported in the governmental funds.	
Deferred outflows of resources- pension	29,609
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long-term liabilities at June 30, 2019 consist of:	
Net pension liability	(249,473)
The deferred inflows of contributions for the employees' retirement systems are not available resources and, therefore, are not reported in the governmental funds.	
	<u>(2,798)</u>
Total net position of governmental activities at June 30, 2019	<u>\$ (164,619)</u>

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General
Revenues:	
Court costs, fees, and fines	\$ 435,396
Intergovernmental revenues - On-behalf payments	129,843
Other income	14,278
Total revenues	579,517
Expenditures:	
Current -	
General government - judicial:	
Publications	11,940
Judge's salary	150,106
Other salaries	200,146
Payroll taxes	1,337
Retirement	113,669
Insurance	43,459
Office supplies	9,073
Legal and accounting	7,784
Dues and conventions	7,338
Repairs and maintenance	650
Bank charges	1,309
Other miscellaneous costs	10,182
Outside services	14,478
Total expenditures	571,471
Excess of revenues over expenditures	8,046
Fund balances, beginning	35,094
Fund balances, ending	\$ 43,140

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2019

Total net changes in fund balances for the year ended June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 8,046
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(3,897)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension benefit	<u>42,377</u>
Total changes in net position for the year ended June 30, 2019 per Statement of Activities	<u>\$ 46,526</u>

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

	Fines Agency Fund	Civil Court Fund	Bond Fund	Total
ASSETS				
Cash and cash equivalents	<u>\$ 15,128</u>	<u>\$ 148,632</u>	<u>\$ 5,745</u>	<u>\$ 169,505</u>
Total assets	<u>15,128</u>	<u>148,632</u>	<u>5,745</u>	<u>169,505</u>
LIABILITIES				
Held for other pending court action	<u>15,128</u>	<u>148,632</u>	<u>5,745</u>	<u>169,505</u>
Total liabilities	<u>\$ 15,128</u>	<u>\$ 148,632</u>	<u>\$ 5,745</u>	<u>\$ 169,505</u>

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

INTRODUCTION

As provided by LSA-RS 13:1871 et seq, the City Court of New Iberia (Court) accounts for the operation of the Court's office. The City Court Judge is elected for a six-year term.

The financial statements of the Court have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are described below.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

As the governing authority of the City, for reporting purposes, the City of New Iberia is the financial reporting entity. The financial reporting entity consists of the primary government (City), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the City provides the City Court of New Iberia with office space and pays the salaries and benefits of Court employees, the Court was determined to be a component unit of the City of New Iberia, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

B. Basis of Presentation

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

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Court as a whole. They include all funds of the reporting entity, which are considered governmental activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange revenues.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

The statement of activities presents a comparison between direct expenses and program revenues for the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by the Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Court is considered to be the major fund.

The funds of the Court are described below:

Governmental Funds –

General Fund – The General Fund is the primary operating fund of the Court and it accounts for the operations of the Court's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and internal policy.

Fiduciary (Agency) Funds –

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category are agency funds. The agency funds account for assets held by the Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Accordingly, it presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Court's own programs. Fiduciary funds are presented on an economic resources' measurement focus and use the modified accrual basis of accounting. The agency funds are as follows:

Fines Agency Fund – The Fines Agency Fund consists of monies collected for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

Civil Court Fund – The Civil Court Fund consists of monies collected for advance deposits in civil suits and the receipt and disbursement of civil docket fees, small claims fees, and garnishments.

Bond Fund – The Bond Fund consists of monies for the collection of bonds.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

1. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.
2. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Cash and Interest-Bearing Deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, and time deposits.

Interfund Receivables and Payables

During the course of operations, occasional transactions occur between individual funds that may result in amounts owed between funds. Short-term cash borrowings between funds are considered temporary in nature. These amounts are reported as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	5 years
Furniture and fixtures	7 years

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – Consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the governmental fund financials, fund equity is classified as fund balance and is classified as follows:

1. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. 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.
3. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Judge. The Judge is the highest level of decision-making authority for the Court’s office.
4. 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.
5. Unassigned – all other spendable amounts.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Court has provided otherwise in its commitment or assignment actions.

E. Budgets and Budgetary Accounting

The Court is required to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (“GAAP”) of the United States of America.

F. 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 expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Court had cash and interest-bearing deposits (book balances) as follows:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Demand deposits	\$ 54,199	\$ 169,505	\$ 223,704

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Court's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at June 30, 2019, are secured as follows:

Bank balances	<u>\$ 247,656</u>
Federal deposit insurance	247,656
Pledged securities	<u>-</u>
Total	<u>\$ 247,656</u>

As of June 30, 2019, there was no custodial credit risk.

(3) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2019</u>
Governmental activities:				
Capital assets being depreciated -				
Furniture, fixtures and equipment	\$ 169,424	\$ -	\$ -	\$ 169,424
Less accumulated depreciation				
Furniture, fixtures and equipment	<u>150,624</u>	<u>3,897</u>	<u>-</u>	<u>154,521</u>
Governmental activities, capital assets, net	<u>\$ 18,800</u>	<u>\$ 3,897</u>	<u>\$ -</u>	<u>\$ 14,903</u>

Depreciation expense in the amount of \$3,897 was charged to the general government function.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

(4) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	Fines Agency Fund	Civil Court Fund	Bond Fund	Total
Balances, July 1, 2018	\$ 20,712	\$ 146,886	\$ 5,640	\$ 173,238
Additions	435,175	310,399	14,740	760,314
Reductions	440,759	308,653	14,635	764,047
Balances, June 30, 2019	<u>\$ 15,128</u>	<u>\$ 148,632</u>	<u>\$ 5,745</u>	<u>\$ 169,505</u>

(5) On Behalf Payments for Salaries and Benefits

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance* requires the Court to report and disclose in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana to the City Court Judge and salary and fringe benefits payments made by the City of New Iberia to the Judge.

Supplementary salary payments are made by the State of Louisiana directly to the City Court Judge and from the City to the Judge. The Court is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the State and the City. For the fiscal year ended June 30, 2019, the State and City paid \$129,843 in supplemental salary and benefit payments to the City Court Judge.

(6) Employee Retirement Systems

The Court participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature.

Plan Descriptions –

Municipal Employees' Retirement System (MERS)

Employees of the Court are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the "System") – a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports.

Employees, except for the Judge of the City Court, are included in the City of New Iberia's retirement system and participate in the same retirement system of that entity. Therefore, the pension liability, deferred outflows of resources and deferred inflows of resources related to this plan is included in the City's financial statements.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

Louisiana State Employees' Retirement System (LASERS)

The Judge is a member of the Louisiana State Employees' Retirement System (LASERS). LASERS is 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.

Benefits Provided –

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

Louisiana State Employees' Retirement System (LASERS)

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. The majority of LASERS rank of file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the members 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 retirement benefits payable 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 of 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 for all three new plans.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

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.

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 but generally is ten years of service.

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. As of 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 investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

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 – All 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 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 for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

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 – Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislative, Employee and employer contributions are deducted from a member’s salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2019 for the plan for judges after before January 1, 2011 were 13.0% for the employee and 39.6% (July 1, 2018 – December 31, 2018) and 39.0% (January 1, 2019 – June 30, 2019) for the employer. The status of the plan for judges hired after January 1, 2011 is closed.

The Court’s contractually required composite contribution rate for the year ended June 30, 2019 was 39.0% 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 \$23,835 for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Court reported a liability of \$249,473 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2019, the Court recognized pension benefit of \$42,377.

At June 30, 2019, 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>
Difference between expected and actual experience	\$ -	\$ 2,798
Changes of assumptions	2,539	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net differences between projected and actual earnings on plan investments	3,235	-
Contributions subsequent to the measurement date	<u>23,835</u>	<u>-</u>
Total	<u>\$ 29,609</u>	<u>\$ 2,798</u>

\$23,835 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, 2019.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

Actuarial Assumptions –

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Inflation Rate	2.75%
Projected salary increases	2.8% - 5.3%
Investment rate of return	7.65%
Expected remaining service lives	3

Mortality rates were based on RP-2000 Combined Healthy Mortality Table with mortality improvements projected to 2019 for non-disabled members; and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement was selected for disabled members.

Cost of living adjustments, the present value of the future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost of living increase. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Cash	-0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Risk Party	2.84%
Total Fund	5.40%

Discount Rate –

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Court's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Court's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
LASERS	7.65%	\$ 314,851	\$ 249,473	\$ 193,166

Pension Plans Fiduciary Net Position –

Detailed information about LASERS' pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Payables to the Pension Plan –

There are no payables to LASERS at 6/30/19.

(7) Litigation and Claims

At June 30, 2019, the Court is not involved in any matters of pending or threatened litigation.

(8) Risk Management

The Court is exposed to risks of loss in the areas of employee dishonesty and workers' compensation. Potential significant losses are covered by the city of New Iberia's commercial insurances.

(9) Other Postretirement Benefits

The City Court of New Iberia provides no postretirement benefits.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Notes to the Basic Financial Statements

(10) Subsequent Events

Subsequent events have been evaluated through December 5, 2019, the date of the financial statement issuance.

(11) Compensation, Benefits, and Other Payments to Agency Head

In accordance with Louisiana Revised Statute 24:513A, the schedule of compensation, benefits, and other payments to Theodore M. Haik, III, Judge, for the year ended June 30, 2019 follows:

Salary	\$ 150,106
Benefits - retirement	64,544
Registration fees	<u>7,338</u>
	<u>\$ 221,988</u>

(12) Restatement of Fund Balance

In previous years, the Court's government-wide financial statements have included the pension liability and expenses which were paid and reported by the City of New Iberia in their financial statements. These amounts were removed from the statements effective June 30, 2018. The effect of the adjustment on the financial statements is as follows:

	As Previously Reported	Restatement	As restated
Statement of net position -			
Governmental activities (GWFS):			
Deferred outflows of resources	\$ 178,283	\$ (145,245)	\$ 33,038
Net Pension Liabilty	(724,461)	429,182	(295,279)
Deferred inflows of resources	<u>(33,426)</u>	<u>30,628</u>	<u>(2,798)</u>
Total net position	<u>\$ 525,710</u>	<u>\$ (314,565)</u>	<u>\$ 211,145</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Court costs, fees, and fines	\$ 350,000	\$ 432,095	\$ 435,396	\$ 3,301
Intergovernmental revenues -				
On-behalf payments	162,000	133,884	129,843	(4,041)
Bonds forfeited, net	2,500	-	-	-
Other income	125,000	5,515	14,278	8,763
Total revenues	<u>639,500</u>	<u>571,494</u>	<u>579,517</u>	<u>8,023</u>
Expenditures:				
Current -				
General government - judicial:				
Publications	15,000	11,753	11,940	(187)
Judge's salary	150,000	150,400	150,106	294
Other salaries	220,000	233,180	200,146	33,034
Payroll taxes	-	2,894	1,337	1,557
Retirement	120,000	114,121	113,669	452
Insurance	60,000	42,605	43,459	(854)
Office supplies	18,000	9,574	9,073	501
Legal and accounting	6,600	7,172	7,784	(612)
Dues and conventions	8,000	7,062	7,338	(276)
Repairs and maintenance	6,000	815	650	165
Bank charges	-	1,428	1,309	119
Other miscellaneous costs	16,500	9,361	10,182	(821)
Outside services	7,500	14,422	14,478	(56)
Total expenditures	<u>627,600</u>	<u>604,787</u>	<u>571,471</u>	<u>33,316</u>
Excess (deficiency) of revenues over expenditures	<u>11,900</u>	<u>(33,293)</u>	<u>8,046</u>	<u>41,339</u>
Fund balance, beginning	<u>35,094</u>	<u>35,094</u>	<u>35,094</u>	-
Fund balance, ending	<u>\$ 46,994</u>	<u>\$ 1,801</u>	<u>\$ 43,140</u>	<u>\$ 41,339</u>

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2019*

Plan	Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer 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 Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
LASERS	2015	0.056720%	\$ 181,464	\$ 122,804	147.77%	65.02%
	2016	0.060170%	181,736	125,320	145.02%	62.66%
	2017	0.004600%	364,751	82,717	440.96%	57.70%
	2018	0.004200%	295,279	68,848	428.89%	63.00%
	2019	0.003660%	249,473	60,972	409.16%	64.30%

* The amounts presented have a measurement date of June 30, 2018.

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

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Schedule of Employer Contributions
For the Year Ended June 30, 2019

Plan	Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
LASERS	2015	\$ 46,420	\$ 46,420	\$ -	\$ 122,804	37.80%
	2016	47,371	47,371	-	125,320	37.80%
	2017	31,267	31,267	-	82,717	37.80%
	2018	27,264	27,264	-	68,848	39.60%
	2019	23,835	23,835	-	60,972	39.00%

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

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

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* A Professional Accounting Corporation

The Honorable Theodore M. Haik, III, Judge
City Court of New Iberia
New Iberia, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of New Iberia (Court), a component unit of the City of New Iberia, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 matter that are required to be reported under *Government Auditing Standards*

Court's Response to Findings

The Court's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

New Iberia, Louisiana
December 5, 2019

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
And Corrective Action Plan
Year Ended September 30, 2019

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings –

2019-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2019

CONDITION: The Court did not have adequate segregation of functions within the accounting system.

CRITERIA: The Court should have a control policy according to which no single employee should be given responsibility for more than one related function.

CAUSE: The Court does not have a sufficient number of employees performing administrative and financial duties so as to provide adequate segregation of accounting duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: The Court has determined that it is not cost effective to achieve complete segregation of duties within the accounting department by hiring additional personnel.

B. Compliance Findings -

There are no findings that are required to be reported at June 30, 2019.

CITY COURT OF NEW IBERIA
New Iberia, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
And Corrective Action Plan
Year Ended September 30, 2019

Part II. Prior Year Findings

A. Internal Control Findings -

2018-001 Qualified Staff Person to Apply GAAP

Fiscal year finding initially occurred: 2007

CONDITION: The Court did not have a staff person with the necessary qualifications and training to apply GAAP in recording their financial transactions or to prepare their financial statements and related notes.

RECOMMENDATION: The Court should evaluate the cost-benefit of establishing internal controls over the preparation of the financial statements and related notes in accordance with GAAP.

CURRENT STATUS: Resolved.

B. Compliance Findings -

There are no findings that are required to be reported at June 30, 2018.

CITY COURT OF NEW IBERIA

New Iberia, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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To Honorable Theodore M. Haik, III, Judge
City Court of New Iberia
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City Court of New Iberia (Court) 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 fiscal period July 1, 2018 through June 30, 2019. 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*. 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

(The following procedures were not performed on sections 1a. through 1j. since there were no exceptions in the prior year. Procedures were performed on section 1k. since it was a new section for testing in Year 3)

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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)
 - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- 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) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) Obtain the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

- b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
 - a) We observed that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) We traced the actual deposit per the bank statement to the general ledger.

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

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observed that the disbursement matched the related original invoice/billing statement.
 - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

(The following procedures were not performed since there were no exceptions in the prior year.)

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements select under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

(The following procedures were not performed since there were no exceptions in the prior year.)

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

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

(The following procedures were not performed since there were no exceptions in the prior year.)

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in personnel files.
- a) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - b) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- c) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - d) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

(The following procedures were not performed since there were no exceptions in the prior year.)

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
23. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures:

1. The entity does not have written policies and procedures regarding disaster recovery/business continuity.

Management's response: The entity will update their written policies and procedures to include a disaster recovery/business continuity policy.

Bank Reconciliations:

2. There was no evidence on the bank reconciliations that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Management's response: The entity will implement a policy to review all bank reconciliations prepared and to provide evidence on the bank reconciliation that the procedure has been done.

3. There was no evidence that a member of management/board member researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Management's response: The entity will implement a policy to research all reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections:

4. The employees who have access to cash are not covered by a bond or insurance policy for theft.

Management's response: The entity will secure a bond for theft on all office employees.

Non-payroll Disbursements:

5. There is only one employee involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.

Management's response: The entity will have another employee assist in the purchase process to help segregate duties.

6. There is only one employee involved in processing and approving payments to vendors.

Management's response: The entity will have another employee approve payments to vendors.

7. Employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's response: The entity will have another employee periodically review changes to vendor files.

8. The same employee who is responsible for processing payments, signs the checks, and mails the payments.

Management's response: The entity will have another employee assist in processing payments to help segregate duties.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City Court of New Iberia and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

New Iberia, Louisiana
December 5, 2019