

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

Financial Statements With Auditors' Report

As of and For the Year Ended December 31, 2019

City of Shreveport City Court
Shreveport, Louisiana

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 3
Required Supplementary Information	
Management's Discussion and Analysis	4 – 8
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Balance Sheet – Governmental Funds	11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to the Financial Statements	15 – 23
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	24
Building Fund	25
Probation Fund	26
Notes to Required Supplementary Information	27
Other Supplementary Information	
Schedule of Compensation, Benefits and Other Payments to Agency Heads	28
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>	29 – 30
Schedules For Louisiana Legislative Auditor	
Summary Schedule of Prior Year Audit Findings	31
Schedule of Current Year Audit Findings	31

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

City of Shreveport City Court
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court, a component unit of the City of Shreveport, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Shreveport City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Effect of Adopting New Accounting Standard

As discussed in Note 2 to the financial statements, the City of Shreveport City Court adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of and for the year ended December 31, 2019. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages and 4 - 8 and on pages 24 - 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Shreveport City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 28 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Heads is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 28 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2020, on our consideration of City of Shreveport City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Shreveport City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Shreveport City Court's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 23, 2020

CITY OF SHREVEPORT CITY COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Shreveport City Court's financial performance provides an overview of the City Court's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the City's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The City Court's net position decreased by \$249,603 or 5%.

The City Court's total program revenues were \$564,709 in 2019 compared to \$550,488 in 2018.

During the year ended December 31, 2019, the City Court had total expenses, excluding depreciation, of \$817,333, compared to \$703,153 in 2018.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City Court as a whole. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Shreveport for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Shreveport, the City Court was determined to be a component unit of the City of Shreveport. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the City Court as a whole begins on page 9. One of the most important questions asked about the City Court's finances is "Is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds maintained by the City Court – not the City Court as a whole. However, the City Court establishes other funds to help it control and manage money for particular purposes (like the probation fund) to show that it is meeting legal responsibilities for using certain fees. The City Court's *governmental funds* use the following accounting approaches.

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

The City Court as Trustee

The City Court is the trustee, or *fiduciary*, for its civil division, traffic violation bureau, and a portion of the small claims fund. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 13 and Statement of Changes in Fiduciary Net Position on page 14. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net position changed from a year ago, decreasing from \$4,976,164 to \$4,726,561. Our analysis below will focus on key elements of the total governmental funds for the 2019 and 2018 years.

Table 1
Net Position

	Governmental Activities 2019	Governmental Activities 2018
Current assets	\$ 4,334,596	\$ 4,859,923
Capital assets	572,947	143,791
Total assets	<u>4,907,543</u>	<u>5,003,714</u>
Current liabilities	<u>180,982</u>	<u>27,550</u>
Net Position		
Investment in capital assets	572,947	143,791
Restricted	153,165	553,613
Unrestricted	4,000,449	4,278,760
Total net position	<u>\$ 4,726,561</u>	<u>\$ 4,976,164</u>

Net position of the funds maintained by the City Court's governmental activities decreased by \$249,603 or 5%. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements decreased by \$278,311 from \$4,278,760 at December 31, 2018 to \$4,000,449 at December 31, 2019.

Table 2
Change in Net Position

	Governmental Activities 2019	Governmental Activities 2018
Revenues		
Programs Revenues:		
Charges for Service, Fines and Fees	\$ 564,709	\$ 550,488
Miscellaneous Income	12,595	14,044
Interest income	22,424	14,808
Total revenues	<u>599,728</u>	<u>579,340</u>
Expenses		
General governmental - judicial	<u>849,331</u>	<u>735,293</u>
Increase (decrease) in net position	<u>(249,603)</u>	<u>(155,953)</u>
Net position - beginning of year	4,976,164	5,132,117
Net position - end of year	<u>\$ 4,726,561</u>	<u>\$ 4,976,164</u>

For the funds maintained by the City Court, total revenues increased \$20,388, or 4%, from total revenues in 2018 of \$579,340 to total revenues of \$599,728 in 2019. For the funds maintained by the City Court, program revenues increased \$14,221, or 3%, from program revenue in 2018 of \$550,488 to program revenue of \$564,709 in 2019. The main reason for the increase is the increase in fees in 2019.

For the funds maintained by the City Court, total expenses increased \$114,038, or 16%, from total expenses in 2018 of \$735,293 to total expenses of \$849,331 in 2019. The primary reason for the increase is due to new software expense in 2019.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on pages 11–12) reported a combined fund balance of \$4,103,314 which is a decrease of \$720,917 from last year.

Budgetary Highlights

The City Court adopted a budget for its General Fund and special revenue funds for the year ended December 31, 2019. There were three amendments to the budget during the year. The City Court's budgetary comparison is presented as required supplementary information and shown on pages 24 through 27. Highlights for the General Fund for the year are as follows:

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

CAPITAL ASSETS

At the end of 2019, the City Court had invested \$572,947 in capital assets from those funds maintained by the City Court. (see table 3 below)

Table 3
Capital Assets At Year End

	Activities 2019	Activities 2018
Computer equipment	\$ 52,642	\$ 65,907
Software	449,685	
Office furniture and improvements	70,620	77,884
Total	<u>\$ 572,947</u>	<u>\$ 143,791</u>
This year's major additions included:		
Computer equipment	\$ 6,120	\$ 54,328
Software	449,685	
Office equipment	5,349	39,860
Total	<u>\$ 461,154</u>	<u>\$ 94,188</u>

More detail information about the capital assets are presented in Note 14 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting a fiscal year 2020 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same as the revenues available in 2019.

It is anticipated that the governmental funds' fund balance will increase modestly by the close of 2020. For those funds maintained by the City Court, the City Court will use those revenues for program costs which are not budgeted by the City of Shreveport for the City Court. The City Court is in the process of purchasing new Court software. The software is expected to become operational in 2020, and is being funded by the Building Fund and the Criminal Fund.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

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

City of Shreveport City Court
Shreveport, Louisiana
Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,246,448
Accounts receivable	37,848
Prepaid expenses	50,300
Capital assets	
Depreciable (net)	123,262
Non-depreciable	449,685
Total assets	<u>4,907,543</u>
LIABILITIES	
Accounts payable	<u>180,982</u>
Total liabilities	<u>180,982</u>
NET POSITION	
Investment in capital assets	572,947
Restricted for:	
Building	27,261
Probation	104,740
Pro Bono	21,164
Unrestricted	4,000,449
Total net position	<u><u>\$ 4,726,561</u></u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Statement of Activities
For the Year Ended December 31, 2019

	Functions / Programs				
	Total	Judicial	Building	Probation	Pro Bono
<u>GOVERNMENTAL ACTIVITIES</u>					
Expenses:					
Materials and supplies	\$ 9,157	\$ 2,334	\$	\$ 6,823	\$
Travel	74,654	72,808		1,846	
Depreciation	31,998	31,686		312	
Other program services	733,522	194,555	132,701	406,266	
Total expenses	849,331	301,383	132,701	415,247	
Program revenues:					
Charges for services - fines and fees	564,709	371,783	107,957	83,788	1,181
Total general revenues	564,709	371,783	107,957	83,788	1,181
Net program revenue (expenses)	(284,622)	70,400	(24,744)	(331,459)	1,181
General revenues:					
Interest income	22,424				
Miscellaneous	12,595				
Total general revenues	35,019				
Change in net position	(249,603)				
Net position - beginning	4,976,164				
Net position - ending	\$ 4,726,561				

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Balance Sheet
Governmental Funds
December 31, 2019

	Major Funds			Non-Major Fund Other Governmental - Pro Bono	Total Governmental Funds
	General	Building	Probation		
Assets					
Cash and cash equivalents	\$ 3,961,712	\$ 171,611	\$ 91,961	\$ 21,164	\$ 4,246,448
Accounts receivable	19,776	5,293	12,779		37,848
Due from other funds	10,820				10,820
Total assets	<u>\$ 3,992,308</u>	<u>\$ 176,904</u>	<u>\$ 104,740</u>	<u>\$ 21,164</u>	<u>\$ 4,295,116</u>
Liabilities					
Accounts payable	\$	\$ 180,982	\$	\$	\$ 180,982
Due to other funds		10,820			10,820
Total liabilities		<u>191,802</u>			<u>191,802</u>
Fund balances (deficit)					
Restricted					
Probation			104,740		104,740
Pro Bono				21,164	21,164
Unassigned	3,992,308	(14,898)			3,977,410
Total fund balances (deficit)	<u>3,992,308</u>	<u>(14,898)</u>	<u>104,740</u>	<u>21,164</u>	<u>4,103,314</u>
Total liabilities and fund balances (deficit)	<u>\$ 3,992,308</u>	<u>\$ 176,904</u>	<u>\$ 104,740</u>	<u>\$ 21,164</u>	

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

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

50,300

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

572,947

Net position of governmental activities

\$ 4,726,561

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Major Funds			Non-Major Fund Other Governmental - Pro Bono	Total Governmental Funds
	General	Building	Probation		
Revenues:					
Charges for services - fees and fines	\$ 371,783	\$ 107,957	\$ 83,788	\$ 1,181	\$ 564,709
Interest income	20,628	508	1,188	100	22,424
Miscellaneous income	9,014	181	3,400		12,595
Total revenues	<u>401,425</u>	<u>108,646</u>	<u>88,376</u>	<u>1,281</u>	<u>599,728</u>
Expenditures:					
Current:					
Judicial					
Operating services	194,555	174,859	406,266		775,680
Materials and supplies	2,334		6,823		9,157
Travel and other charges	72,808		1,846		74,654
Capital outlay	11,469	449,685			461,154
Total expenditures	<u>281,166</u>	<u>624,544</u>	<u>414,935</u>		<u>1,320,645</u>
Excess (deficiency) of revenues over (under) expenditures	<u>120,259</u>	<u>(515,898)</u>	<u>(326,559)</u>	<u>1,281</u>	<u>(720,917)</u>
Other financing sources (uses):					
Transfers in		400,000			400,000
Transfers out	<u>(400,000)</u>				<u>(400,000)</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>400,000</u>			
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(279,741)</u>	<u>(115,898)</u>	<u>(326,559)</u>	<u>1,281</u>	<u>(720,917)</u>
Fund balances at beginning of year	<u>4,272,049</u>	<u>101,000</u>	<u>431,299</u>	<u>19,883</u>	<u>4,824,231</u>
Fund balances (deficit) at end of year	<u>\$ 3,992,308</u>	<u>\$ (14,898)</u>	<u>\$ 104,740</u>	<u>\$ 21,164</u>	<u>\$ 4,103,314</u>

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

Net change in fund balances - total governmental funds \$ (720,917)

The nonallocation method of accounting for prepayments is used in the
fund statements, since the prepayment does not provide expendable
financial resources. 42,158

Governmental funds report capital outlays as expenditures. However, in the statement of activities,
the cost of those assets is allocated over their estimated useful lives and reported as depreciation
expense. This is the amount by which capital outlays (\$461,154) exceeded depreciation expense
(\$31,998) in the current period. 429,156

Change in net position of governmental activities \$ (249,603)

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	<u>Custodial Funds</u>
Assets	
Cash and cash equivalents	<u>\$ 3,129,236</u>
Total assets	<u>3,129,236</u>
Liabilities	
Due to others	<u>3,129,236</u>
Total liabilities	<u>3,129,236</u>
Net Position	
Total net position	<u><u>\$</u></u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Custodial Funds
Additions:	
Investment income - interest	\$ 5,404
Fines and other fees collected	3,290,577
Miscellaneous	16,851
Total Additions	<u>3,312,832</u>
Deductions:	
Payments of fines and other fees	1,676,738
Payments of court and other costs	1,636,094
Total Deductions	<u>3,312,832</u>
Change in net position	
Net position - beginning	<u> </u>
Net position - ending	<u><u>\$</u></u>

See accompanying notes to the basic financial statements.

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019

INTRODUCTION

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

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basic Financial Statements – Government-Wide Statements

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

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

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

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

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

C. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the City Court:

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

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

The only fiduciary funds of the City Court are custodial funds, consisting of the Civil Division fund, Traffic Violations Bureau fund, and the Small Claims fund. Custodial funds account for assets held by the City Court as an agent for others pending Court action and, therefore, are not incorporated into the government-wide statements.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

D. Basis of Accounting

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

1. Accrual:

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

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

2. Modified Accrual:

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

E. Cash, Cash Equivalents, and Investments

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

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

F. Capital Assets

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

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

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

G. Net Position

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

H. Fund Balance

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

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

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

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

I. Use of Estimates

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

J. Deferred Outflows/Inflows of Resources

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

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

K. Interfund Activity

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

L. Prepaid Items

Prepaid items reported in the government wide financial statements represent payments for maintenance agreements and insurance that will benefit periods beyond December 31, 2019.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(2) Implementation of New Accounting Principle

The Court adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, for the year ended December 31, 2019. The scope of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Governments with fiduciary activities meeting the established criteria are required to present a statement of fiduciary net position and a statement of changes in fiduciary net position.

(3) Budgets

The City Court uses the following budget practices:

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

(4) Cash and Cash Equivalents

At December 31, 2019, the City Court has cash and cash equivalents (book balances) totaling \$7,375,684, as detailed below.

A. Cash and Cash Equivalents – Reconciliation to government-wide Statement of Net Assets:

Cash and cash equivalents	\$ 4,246,448
Custodial funds (not on government-wide statements)	<u>3,129,236</u>
	<u>\$ 7,375,684</u>

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

B. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2019, \$6,938,239 of the government's bank balance of \$7,438,239 was exposed to custodial credit risk as uninsured and collateral held by the pledging bank's trust department not in the City Court's name.

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

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(5) Interfund Balances

Interfund balances at December 31, 2019, consisted of \$10,820 due to the General Fund from the Building Fund. The balance represents amounts owed to the General Fund as a result of collections received in the Violations Bureau.

(6) Transfers

Transfers at December 31, 2019, consisted of \$400,000 transferred to the Building Fund from the Criminal Fund for the purchase of new Court software.

(7) Leases

The City Court leases certain equipment under operating leases. Rental costs on those leases for the year ended December 31, 2019, were \$27,764. Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending December 31,	
2020	\$ 14,755
2021	12,593
2022	9,444
Total minimum future rentals	<u>\$ 36,792</u>

(8) Subsequent Events

Subsequent events have been evaluated through June 23, 2020, the date the financial statements were available to be issued.

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(9) Risk Management

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

(10) Commitments

The City Court has entered into contracts for the purchase of new case management software totaling approximately \$1,376,000. Amounts incurred as of December 31, 2019 totaled \$624,216, with the remaining amount of \$751,784 to be incurred during the year ended December 31, 2020.

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to Financial Statements
December 31, 2019
(Continued)

(11) Accounts Payable

Accounts payable at December 31, 2019, consisted of amounts due under contracts for the City Court's new case management software in the amount of \$180,982.

(12) Litigation and Claims

At December 31, 2019, the City Court is the defendant in an EEOC claim. The potential loss or outcome related to this matter is not presently determinable.

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

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

(Continued)

City of Shreveport City Court
Shreveport, Louisiana
Notes to the Financial Statements
December 31, 2019
(Continued)

(14) Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance Jan. 1, 2019	Additions	Deletions	Balance at Dec. 31, 2019
<u>Governmental Activities:</u>				
Capital asset, not being depreciated				
Software in process	\$	\$ 449,685	\$	\$ 449,685
Total capital assets, not being depreciated at historical costs		449,685		449,685
Capital assets, being depreciated:				
Computer equipment	215,754	6,120	(8,092)	213,782
Office equipment	345,011	5,349	(1,375)	348,985
Office furniture and improvements	510,135			510,135
Vehicles	38,160			38,160
Total capital assets, being depreciated at historical cost	1,109,060	11,469	(9,467)	1,111,062
Less accumulated depreciation:				
Computer equipment	(149,847)	(19,385)	8,092	(161,140)
Office equipment	(283,024)	(7,315)	1,375	(288,964)
Office furniture and improvements	(494,238)	(5,298)		(499,536)
Vehicles	(38,160)			(38,160)
Total accumulated depreciation	(965,269)	(31,998)	9,467	(987,800)
Total capital assets, being depreciated, net	143,791	(20,529)		123,262
Governmental activities capital assets, net	\$ 143,791	\$ 429,156	\$	\$ 572,947

Depreciation expense was charged to Governmental Activities as follows:

Judicial expenses	\$ 31,686
Probation	312
	<u>\$ 31,998</u>

City of Shreveport City Court
Shreveport, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance-
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenues:				
Charges for services - fees and fines	\$ 367,000	\$ 351,500	\$ 374,335	\$ 22,835
Interest income	9,150	20,300	20,628	328
Miscellaneous income	9,000	11,000	16,361	5,361
Total revenues	<u>385,150</u>	<u>382,800</u>	<u>411,324</u>	<u>28,524</u>
Expenditures:				
Current:				
General government:				
Operating services	200,250	219,500	194,526	24,974
Materials and supplies	40,000	16,000	2,334	13,666
Travel and other charges	70,000	75,000	72,808	2,192
Capital outlay	7,500		11,469	(11,469)
	<u>317,750</u>	<u>310,500</u>	<u>281,137</u>	<u>29,363</u>
Excess (deficiency) of revenues over expenditures	67,400	72,300	130,187	57,887
Other financing sources (uses):				
Operating transfers out		(450,000)	(400,000)	50,000
Total other financing sources (uses)		<u>(450,000)</u>	<u>(400,000)</u>	<u>50,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	67,400	(377,700)	(269,813)	107,887
Fund balances at beginning of year	<u>3,676,811</u>	<u>3,676,811</u>	<u>4,276,746</u>	<u>599,935</u>
Fund balances at end of year	<u>\$ 3,744,211</u>	<u>\$ 3,299,111</u>	<u>\$ 4,006,933</u>	<u>\$ 707,822</u>

City of Shreveport City Court
Shreveport, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Building Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance-
	Original	Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenues:				
Charges for services - fees and fines	\$ 63,600	\$ 91,000	\$ 105,714	\$ 14,714
Interest income	100	500	508	8
Miscellaneous income	35	85	181	96
Total revenues	<u>63,735</u>	<u>91,585</u>	<u>106,403</u>	<u>14,818</u>
Expenditures:				
Current:				
General government:				
Operating services		100,315		100,315
Miscellaneous	160	570	328	242
Capital outlay		449,685	443,234	6,451
	<u>160</u>	<u>550,570</u>	<u>443,562</u>	<u>107,008</u>
Excess of revenues over expenditures	63,575	(458,985)	(337,159)	121,826
Other financing sources:				
Operating transfers in		440,000	439,131	(869)
Total other financing sources		<u>440,000</u>	<u>439,131</u>	<u>(869)</u>
Excess (deficiency) of revenues and other sources over expenditures and other us	63,575	(18,985)	101,972	120,957
Fund balances at beginning of year	<u>64,294</u>	<u>64,294</u>	<u>64,294</u>	
Fund balances at end of year	<u>\$ 127,869</u>	<u>\$ 45,309</u>	<u>\$ 166,266</u>	<u>\$ 120,957</u>

City of Shreveport City Court
Shreveport, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Probation Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance- Favorable
	Original	Final	(Budgetary Basis)	(Unfavorable)
Revenues:				
Charges for services - fees and fines	\$ 75,000	\$ 70,000	\$ 81,577	\$ 11,577
Interest income	1,000	1,100	1,188	88
Miscellaneous income	5,000	2,500	3,400	900
Total revenues	81,000	73,600	86,165	12,565
Expenditures:				
Current:				
General government:				
Operating services	395,800	444,800	433,816	10,984
Materials and supplies	8,000	7,000	6,823	177
Travel and other charges	2,500	1,500	1,846	(346)
Total expenditures	406,300	453,300	442,485	10,815
Excess of revenues over expenditures	(325,300)	(379,700)	(356,320)	23,380
Fund balances at beginning of year	448,281	448,281	448,281	
Fund balances at end of year	\$ 122,981	\$ 68,581	\$ 91,961	\$ 23,380

City of Shreveport City Court
Shreveport, Louisiana
Notes to Required Supplementary Information
December 31, 2019

The City Court's budget is adopted on the cash basis for all funds. There were three amendments to the 2019 budget. Budget comparison statements included in the accompanying financial statements include the original and final amended budgets. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>	<u>Probation Fund</u>	<u>Building Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ (269,813)	\$ (356,320)	\$ 101,972
Adjustments:			
Revenue accruals - net	(9,899)	2,211	(36,888)
Expenditure accruals - net	<u>(29)</u>	<u>27,550</u>	<u>(180,982)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ (279,741)</u>	<u>\$ (326,559)</u>	<u>\$ (115,898)</u>

City of Shreveport City Court
A Component Unit of the City of Shreveport, Louisiana
Other Supplementary Information
Schedule of Compensation, Benefits and Other Payments to Agency Heads
For the Year Ended December 31, 2019

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

SECTION I

Paid by the City of Shreveport City Court

Purpose

Per diem	\$ 1,652	\$ 2,301	\$ 4,269	\$ 1,652
Travel	5,582	6,341	10,919	4,760
Registration fees			775	

SECTION II

Paid by the City of Shreveport

Purpose

Salary	93,000	93,000	93,000	93,000
Benefits-insurance	8,000	1,700	13,000	1,500
Benefits-retirement	37,300	37,300	36,300	36,300
Car allowance	600	600		600
Registration fees	2,305	2,095	3,100	1,540

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

City of Shreveport City Court
Shreveport, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Shreveport City Court as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Shreveport City Court's basic financial statements, and have issued our report thereon dated June 23, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

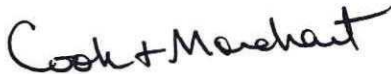
As part of obtaining reasonable assurance about whether City of Shreveport City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Current Year Audit Findings as item 2019-001.

The City of Shreveport City Court's Response to Findings

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 23, 2020

City of Shreveport City Court
Shreveport, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
December 31, 2019

There was one finding in the prior audit for the year ended December 31, 2018.

2018-001 - Budget

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

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

Current Status: The Court adopted a budget for the Building Fund for 2019.

Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
December 31, 2019

There was one finding in the current audit for the year ended December 31, 2019, as noted below:

2019-001 - Budget

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

Finding: The Court did not advertise the availability of the budget for the year ended December 31, 2019 for a minimum of 10 days prior to the public hearing. The budget was advertised eight days prior to the public hearing. In addition, the Court's amended budget was not published in the Court's official journal, as required by the Local Government Budget Act.

Cause: The Court inadvertently did not publish the original and amended budgets timely in accordance with the Local Government Budget Act.

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

Recommendation: We recommend that the Court appropriately advertise its budgets in accordance with the provisions of the Local Government Budget Act.

Management's Response: The Court will appropriately advertise its original and amended budgets in accordance with the Local Government Budget Act.

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on Applying Agreed-Upon Procedures

Robert Shemwell
Clerk of Court

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

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

We have performed the procedures enumerated below, which were agreed to by the City of Shreveport City Court (Court), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The City of Shreveport City Court's (Court) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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 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. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
- 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 Statutes 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 disclosures/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.

The Court provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Bank Reconciliations

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Collections (excluding EFTs)

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

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

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

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

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

Exception: The three (3) clerks that collect cash for small claims and civil share the same cash drawer.

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

- 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.

Each employee responsible for collecting cash is responsible for preparing/making bank deposits for her drawer; however, another employee is responsible for reconciling collection documentation 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.

One employee who is responsible for collecting cash is also responsible for posting collection entries to the general ledger or subsidiary ledgers. Another employee reviews and verifies postings and deposits.

- 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.

Employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers by revenue source and/or agency fund additions are sometimes responsible for collecting cash. Deposits are reviewed and verified by another employee.

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

All employees who have access to cash are covered by a bond or insurance policy for theft.

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

- a. Observe that receipts are sequentially pre-numbered.
- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c. Trace the deposit slip total to the actual deposit per the bank statement.

- d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e. Trace the actual deposit per the bank statement to the general ledger.

For the 10 deposits selected for testing, there were no exceptions noted for the procedures listed above.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Management provided the requested information, along with management's representation that the listing is complete.

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

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

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

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

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

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties.

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

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Payroll and Personnel

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

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

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

Other

Testing not required for this area for the fiscal period January 1, 2019 through December 31, 2019, due to no exceptions being noted in prior year.

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

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



Cook & Morehart
Certified Public Accountants
June 23, 2020