

**CITY COURT OF BASTROP
BASTROP, LOUISIANA**

JUNE 30, 2018

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Independent Auditor's Report

To the Honorable Judge Philip Lester
City Court of Bastrop
Bastrop, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Bastrop, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the City Court of Bastrop as of June 30, 2018, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 5-10, 34, and 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bastrop's basic financial statements. The schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 36 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2018, on our consideration of the Bastrop 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 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 Bastrop City Court's internal control over financial reporting and compliance.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

December 4, 2018

REQUIRED SUPPLEMENTARY INFORMATION PART - I
MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City Court of Bastrop's (hereafter referred to as the Court) annual financial report presents our discussion and analysis of the Court's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the Court's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Court's net position for the prior year ended June 30, 2017 was (\$56,145). The net position for the year ended June 30, 2018 is (\$96,660).

The Court's total program revenues for the prior year ended June 30, 2017 were \$153,751. The Court's total program revenues for the current year ended June 30, 2018 are \$133,976.

Total expensed expenditures/expenses for the prior year ended June 20, 2017 were \$170,617. Total expensed expenditures/expenses for the current year ending June 30, 2018 are \$175,180.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Court's basic financial statements. The Court's basic financial statements include two components: (1) government-wide financial statements, and (2) fund financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Court – the **Government-wide Financial Statements** and the **Fund Financial Statements**.

Government-wide Financial Statements

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

The **Statement of Net Position** presents all of the Court's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, with the difference reported as "net position". Over time, increases or decreases in the Court's net position may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.

The **Statement of Activities** presents information showing how the Court's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

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

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

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

The Court has two governmental funds: the General Fund and the Judicial Building Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the Court. 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. The accrual basis of accounting is used for fiduciary funds.

The Court has four fiduciary funds: Bastrop City Registry Fund, Cash Bond Fund, Civil Court Fund, and the Criminal Court Fund.

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund and the Judicial Building Fund and certain schedules related to pension expense and liabilities related to GASB 68. The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting policies (GAAP). Annual budgets are prepared on the cash basis of accounting.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

Net position may serve over time as a useful indicator of an entity's ability to maintain operations. The Court's net position for the prior year ended June 30, 2017 was (\$56,145). The Court's net position for the current year ended June 30, 2018 is (\$96,660).

The largest portion of the Court's net assets is cash, totaling \$152,509.

The following is summary information from the Statement of Net Position:

	<u>2018</u>	<u>2017</u>
Current assets	\$ 152,509	\$ 156,901
Fixed assets	35,357	43,276
Current liabilities	28,215	1,138
Net investment in capital assets	35,357	43,276
Unrestricted net position	(160,435)	(131,452)
Restricted net position	<u>28,418</u>	<u>32,031</u>
Total net position	<u>\$ (96,660)</u>	<u>\$ (56,145)</u>

Capital Assets

Bastrop City Court incurred no capital expenditures for the year ended June 30, 2018.

Deferred outflows and inflows of resources

The Court is required to recognize its proportionate share of the pension obligation of the Louisiana State Employees Retirement System. The implementation caused the Court to recognize deferred outflows of resources in the amount of \$50,509 and deferred inflows of resources in the amount of \$5,980 as of June 30, 2018.

Change in Net Position

The Court's net position decreased by \$40,515 during the year ended June 30, 2018 compared to a decrease of \$16,253 for the year ended June 30, 2017.

The following is summary information from the Statement of Activities:

	<u>2018</u>	<u>2017</u>
Revenues:		
Charges for services	\$ 133,976	\$ 153,751
Other	<u>689</u>	<u>613</u>
Total revenues	134,665	154,364
Total expenses	<u>175,180</u>	<u>170,617</u>
Increase (decrease) in net position	(40,515)	(16,253)
Net position, beginning of year	<u>(56,145)</u>	<u>(39,892)</u>
Net position, end of year	<u>\$ (96,660)</u>	<u>\$ (56,145)</u>

FINANCIAL ANALYSIS OF THE COURT'S INDIVIDUAL FUNDS

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

Governmental Funds

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

As of the end of the current year, the Court's governmental funds reported a combined ending fund balance of \$124,294 a decrease of \$31,469 compared to the prior year.

The General Fund is the chief operating fund of the court. Unassigned fund balance was \$95,876 at the end of the current fiscal year a decrease of \$27,856 from the prior year. The decrease is due to a decline in court activity combined with a slight increase in spending.

The Judicial Building Fund is used to account for the accumulation of reserves for facility expense. Restricted fund balance was \$28,418 at the end of the current fiscal year, a decrease of \$3,613. The Judicial Building Fund received the statutory amounts from adjudicated civil and criminal cases, but had no major capital expenditures for the year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The Budget policy of the Court complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.) for the General Fund and the Judicial Building Fund.

The actual expenditures were \$105 less than the final budget amounts for the general fund. The variance is not considered unusual and there were no significant fluctuations in any line items of the budget.

Revenues available for expenditure were \$285 more than the final budgeted amounts for the general fund.

CONTACTING THE CITY COURTS FINANCIAL MANAGEMENT

This financial Management Discussion and Analysis is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the City Court and to show the Court's accountability for the money it receives. If you have any questions or need additional financial information, contact City Court of Bastrop, Tina Wallace, Clerk of Court, P. O. Drawer 391, Bastrop, Louisiana 71221.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**City Court of Bastrop
Statement of Net Position
June 30, 2018**

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash	\$ 152,509
Total current assets	<u>152,509</u>
Capital assets, net of accumulated depreciation	<u>35,357</u>
Total assets	<u>187,866</u>
DEFERRED OUTFLOWS OF RESOURCES	50,509
Liabilities	
Current liabilities	
Due to fiduciary fund	27,966
Other liabilities	249
Total current liabilities	<u>28,215</u>
Long term liabilities	
Pension liability	<u>300,840</u>
Total liabilities	<u>329,055</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,980</u>
Net Position	
Net investment in capital assets	35,357
Unrestricted net position	(160,435)
Restricted net position	<u>28,418</u>
Total net position	<u><u>\$ (96,660)</u></u>

The notes to the financial statements are an integral part of this statement.

**City Court of Bastrop
Statement of Activities
For The Year Ended June 30, 2018**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES							
Primary Government							
Governmental activities							
General fund	\$ 150,872	\$ 121,227	\$ -	\$ -	\$ (29,645)	\$ -	\$ (29,645)
Building fund	24,308	12,749	-	-	(11,559)	-	(11,559)
Total governmental activities	<u>175,180</u>	<u>133,976</u>	<u>-</u>	<u>-</u>	<u>(41,204)</u>	<u>-</u>	<u>(41,204)</u>
Total primary government	<u>\$ 175,180</u>	<u>\$ 133,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (41,204)</u>	<u>\$ -</u>	<u>\$ (41,204)</u>
General revenues:							
					689		
					-		
					<u>689</u>		
					<u>\$ (40,515)</u>		
					<u>(56,145)</u>		
					<u>\$ (96,660)</u>		

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**Balance Sheet
Governmental Funds
City Court of Bastrop
June 30, 2018**

	<u>General</u>	<u>Judicial Building Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash	\$ 122,361	\$ 30,148	\$ 152,509
Due from other funds	1,730	-	1,730
Total assets	<u>\$ 124,091</u>	<u>\$ 30,148</u>	<u>\$ 154,239</u>
 <u>Liabilities and fund balance</u>			
Liabilities:			
Payroll taxes payable	\$ 249	\$ -	\$ 249
Due to other funds	27,966	1,730	29,696
Total liabilities	<u>28,215</u>	<u>1,730</u>	<u>29,945</u>
Fund balance:			
Restricted	-	28,418	28,418
Unassigned	95,876	-	95,876
Total fund balances	<u>95,876</u>	<u>28,418</u>	<u>124,294</u>
Total liabilities and fund balances	<u>\$ 124,091</u>	<u>\$ 30,148</u>	<u>\$ 154,239</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Position
June 30, 2018**

Total fund balance-total governmental funds		\$ 124,294
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets of \$246,512 net of accumulated depreciation of (\$211,155), are not financial resources and, therefore, are not reported in the funds.	\$ 35,357	
Pension liability not reported in the fund financial statements	(300,840)	
The deferred outflows of expenditures for the Court's pension obligation are not a use of current resources, and therefore, are not reported in the fund financial statements	50,509	
The deferred inflows of contributions for the Court's pension obligation are not available resources, and therefore, are not reported in the fund financial statements	<u>(5,980)</u>	
		<u>(220,954)</u>
Net position of governmental activities		<u>\$ (96,660)</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes
in Fund Balances-Governmental Funds
City Court of Bastrop
For the year ended June 30, 2018**

	General Fund	Building Fund	Total Governmental Funds
Revenues:			
Article income	\$ 18,831	\$ -	\$ 18,831
Court costs	61,349	12,749	74,098
Diversion income	9,451	-	9,451
Probation income	19,594	-	19,594
Other revenue	12,002	-	12,002
Interest	662	27	689
Total revenues	<u>121,889</u>	<u>12,776</u>	<u>134,665</u>
Expenditures:			
Current:			
General Fund	149,745	-	149,745
Building Fund	-	16,389	16,389
Capital outlay	-	-	-
Total expenditures	<u>149,745</u>	<u>16,389</u>	<u>166,134</u>
Excess (deficiency) of revenues over expenditures	(27,856)	(3,613)	(31,469)
Other financing sources (uses)			
Transfers (to) from other funds	-	-	-
Fund balances, beginning of year	123,732	32,031	155,763
Fund balances, end of year	<u>\$ 95,876</u>	<u>\$ 28,418</u>	<u>\$ 124,294</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the year ended June 30, 2018**

Net changes in fund balances-total governmental funds \$ (31,469)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures	\$ -	
Depreciation expense	<u>(7,919)</u>	(7,919)

Differences between the amounts reported as an expense in the statement of activities and those reported as an expense in the fund financial statements

Pension expense		<u>(1,127)</u>
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Change in net assets of governmental activities		<u><u>\$ (40,515)</u></u>
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The notes to the financial statements are an integral part of this statement.

**Statement of Fiduciary Net Assets-Fiduciary Fund
City Court of Bastrop
June 30, 2018**

	<u>Agency Funds</u>
<u>Assets</u>	
Cash	\$ 347,155
Investments, at cost	62,076
Due from other funds	<u>27,966</u>
Total assets	<u><u>\$ 437,197</u></u>
<u>Liabilities</u>	
Bonds, fines, and court costs held for future disposition	<u>\$ 437,197</u>
Total liabilities	<u><u>\$ 437,197</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

These financial statements are presented in conformity with generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant accounting policies affecting their presentation.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the City Court of Bastrop as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

The City Court of Bastrop has implemented GASB 63 which requires the presentation of a Statement of Net Position instead of a Statement of Net Assets in the government-wide financial statements.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Reporting Entity - In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not only criteria for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criteria involves considering whether the activity benefits the government and/or its citizens, or whether the activity is

City Court of Bastrop
Notes to Financial Statements

June 30, 2018

conducted within the geographic boundaries of the government and is generally available to its citizens. A third criteria used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

The City Court of Bastrop is a potential component unit of the City of Bastrop, Louisiana. However, the City Court of Bastrop is a separate reportable entity from the City of Bastrop because it is essentially an autonomous unit. The City Judge, an elected official, has the ability to exercise accountability for fiscal matters. The City Court of Bastrop is financially independent from the City of Bastrop, Louisiana.

Governmental Funds –

General Fund - The General Fund is the general operating fund of City Court of Bastrop. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Building Fund – Fees are collected from each suit that comes through the court. These fees are used at the Judge’s discretion to pay for building and equipment upkeep. The net position of the Building Fund is restricted.

Fiduciary Funds –

Agency Funds - Agency funds are used to account for assets held by City Court of Bastrop as an agent for other governmental departments, other organizations and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Civil Court Fund - Advance court costs are deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The court acts only as a collection agent for fees in civil matters. As the suits are processed, the various fees earned are paid out on a monthly basis. Thus, the activity in this account is not reflected in the statement of revenues collected and expenditures paid. After a case is dismissed, any excess deposit is refunded to the plaintiff.

City Court of Bastrop
Notes to Financial Statements

June 30, 2018

Criminal Court Fund – This fund is used to account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for criminal offenses. Bonds posted by violators are held until their cases are heard in City Court of Bastrop. At that time, the bonds for persons convicted of violations are distributed to various agencies.

Cash Bond Fund – This fund is used to account for cash bonds posted by defendants that are arrested by Bastrop City Police. Upon final disposition of the case, a defendant is entitled to a refund of cash bonds posted. Forfeited bonds are distributed to the proper agencies on a periodic basis.

City Court Registry – This fund is used to account for unclaimed funds that were seized from a defendant in a court case over 20 years ago. The plaintiff received the full amount of the judgment of the court, and the amount in this fund has not been claimed by the rightful heirs.

Basis of Accounting

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements report using the same focus and basis of accounting.

Governmental fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement objective. The City Court of Bastrop has four fiduciary funds, agency funds, which are purely custodial and thus do not involve measurement of results of operations.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

Fund Balances – Fund Financial Statements

City Court of Bastrop adopted the provisions of GASB 54 related to the classification of the governmental fund balances. The governmental fund balances are classified as follows:

Restricted – Restricted fund balances are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation.

Unassigned - Unassigned fund balance is the residual classification and includes all amounts that are not restricted or constrained in any other classification of fund balance.

Cash and Cash Equivalents

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

Investments

Investments are limited by R.S. 33:2955 and the City Court’s investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are recorded at cost which approximates market value.

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.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

Pensions

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates. This will affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these amounts.

2. CASH AND INVESTMENTS:

Cash balances are insured to Federal Depository Insurance Corporation limits of \$250,000. City Court of Bastrop has deposits in banks that exceed the FDIC limits in the amount of \$240,663. This excess is secured by collateral pledge by the bank.

As of June 30, 2018, the City Court of Bastrop has a certificate of deposit in the amount of \$62,076. The certificate bears interest at a rate of 1.5%, has an original maturity of 60 months and matures on April 25, 2023. Any penalties for early withdrawal would not have a material effect on the financial statements.

3. COURT COSTS PAYABLE:

These various liabilities represent charges against advance court costs deposited for each case and are based on the processing of the case by the Judge and/or Marshal. As activity occurs in the suit, the advance court costs account is decreased and the related liability account is decreased. These amounts are included in bonds and fines held for future disposition in the Statement of Fiduciary Net Assets.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

4. CAPITAL ASSETS:

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus.

All government fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

All capital assets are stated at historical cost. Historical costs include not only the purchase price and construction costs, but also ancillary charges to place the asset in its intended location and condition for use. Capital assets are depreciated using the straight-line method over their estimated useful lives.

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>6/30/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/18</u>
Office equipment	\$ 246,512	\$ -0-	\$ -0-	\$ 246,512
Accumulated Depreciation	<u>(203,236)</u>	<u>(7,919)</u>	<u>-0-</u>	<u>(211,155)</u>
Capital assets, net	<u>\$ 43,276</u>			<u>\$ 35,357</u>

5. COMPENSATED ABSENCES:

The City Court of Bastrop's obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of June 30, 2018, and thus, is not recognized in the accompanying financial statements.

6. ECONOMIC DEPENDENCY:

All revenues of the City Court of Bastrop are derived from criminal and civil cases filed in the court system. Decrease in activity of the city court could result from declining population or a change in state law that could affect the ability of a municipal court to oversee civil and criminal cases.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

7. PENSION PLANS

The employees of the Bastrop City Court are provided with benefits through the following multiple-employer cost-sharing plans:

- Municipal Employees' Retirement System (Plan A) ("MERS") provides retirement benefits to employees of all incorporated villages, towns and cities within the state which did not have their own retirement system and which elected to become members of the system.
- Louisiana State Employees' Retirements System (LASERS), provides defined benefit plans for various categories of members including judges and court officers. The Court had five employees during the year ended June 30, 2018, one of which was eligible for participation in the Plan. The Plan was established under the provisions of LA R.S. 11:401 for eligible state officers, employees, and their beneficiaries.

General Information about the Plans

Louisiana State Employees' Retirement System (LASERS)

All state employees, except those specifically excluded by statute, become members of the System's Defined Benefit Plan (DBP) as a condition of employment, unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials, including the Judge of the Bastrop City Court, and officials appointed by the Governor may, at their option, become members of LASERS. Most members of the Plan may retire and receive benefits in accordance with the following:

- Any age with 30 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 20 years of creditable service with an actuarially reduced benefit
- At any age with 10 years or more of creditable service due to disability
- Survivor's benefits require 5 years of creditable service at death of member

The basic annual retirement benefit is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is the member's average annual compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired after July 1, 2006, average compensation is based on the average annual compensation for the highest 60 consecutive months of service. 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.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

The agency's contractually required composite contribution rate for the year ended June 30, 2018 was 40.10% 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 Agency were \$31,768 for the year ended June 30, 2018.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2018 the Court reported a total of \$300,840 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Court's proportion share of the plan was .00427% for 2017 and .004141% for 2016.

The Court recognized pension expense in the statement of activities in the amount of \$32,895 for the year ended June 30, 2018.

The Court reported deferred outflows of resources and deferred inflows of resources related to the pension Plan as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion	\$ 7,769	\$ 0
Changes in proportionate contributions	-0-	460
Changes in assumptions	1,189	-0-
Differences between expected and actual experience	-0-	5,520
Net difference between		

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

projected and actual earnings	9,783	-0-
Court contributions subsequent to the measurement date	<u>31,768</u>	<u>-0-</u>
Total	<u>\$ 50,509</u>	<u>\$ 5,980</u>

The deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018 in the amount of \$31,768. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30

2018	2,447
2019	12,456
2020	3,915
2021	(6,056)

Actuarial Assumptions

Inflation	2.75%
Salary increases	2.80% to 5.30%
Investment rate of return	7.70%
Actuarial Cost Method	Entry Age Normal
Expected remaining service lives	3 years

Mortality rates for LASERS were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Rate assumptions for termination, disability, and retirement were based on experience studies performed on plan data for the period July 1, 2009 through June 30, 2013.

The investment rates of return were determined based on expected cash flows which assume that contributions from Plan members will be made at current contribution rates and that contributions from the Court will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the investment rate of return on Plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

Sensitivity of the of the Court's proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the Court's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, 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>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
\$ 377,670	\$ 300,840	\$ 235,516

Pension plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the separate issued financial statements of the Plan.

Municipal Employees Retirement System (MERS)

The City Court of Bastrop began participating in the Municipal Employers Retirement System in March, 2017, four months before the measurement date of June 30, 2017. The retirement contributions are limited to the supplemental pay, and totaled \$3,412 for the year ended June 30, 2017. MERS has informed management that the pension liability for those four months of the City Court of Bastrop were not segregated from the City of Bastrop for the year ended June 30, 2017, but will be segregated for the June 30, 2018 year. Therefore, the City Court of Bastrop has not accrued a pension liability, deferred inflows of resources, or deferred outflows of resources for the year ended June 30, 2018 (measurement period of June 30, 2017) related to the participation in MERS. The departure is not considered to be material to the financial statements of the City Court of Bastrop due to the low funding level for the 2017 fiscal year. The contributions of the City Court of Bastrop for the year ended June 30, 2018 to MERS were \$11,195.

MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for members, with exceptions outlined in the Louisiana Revised Statutes. Bastrop City Court participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

- Any age with 25 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 5 years of creditable service for disability benefits
- Survivor's benefits require 5 years of creditable service at death of member
- Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service
- Age 55 with 30 or more years of creditable service
- Any age with 25 years of service, exclusive of military service and unused side leave, with an actuarially reduced early benefit.

General the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death and disability benefits are also provided under the plan.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DRO) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DRO period are paid into the DRO fund. Interest is earned when the member has completed DRO participation, based on the actual rate of return on the investments identified as DRO funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

For the year ended June 30, 2017, the actual employer contribution rate was 22.75%, determined actuarially. According to state statute, the contribution requirements for all employers are actuarially determined each year.

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations.

**City Court of Bastrop
Notes to Financial Statements**

June 30, 2018

The estimated real rate of return for each major asset class is as follows:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
Public fixed income	35%	1.60%
Public equity	50%	2.30%
Alternatives	15%	<u>0.70%</u>
Totals	<u>100%</u>	<u>4.60%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.20%</u>

REQUIRED SUPPLEMENTARY INFORMATION PART- II

BUDGETARY COMPARISON

PENSION INFORMATION

**Budgetary Comparison Schedule
All Governmental Fund Types
City Court of Bastrop
For the year ended June 30, 2018**

	GENERAL FUND				SPECIAL REVENUE FUNDS			
	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:								
Cert Mail Fees	\$ 1,200	\$ 1,075	\$ 1,069	\$ (6)	\$ -	\$ -	\$ -	\$ -
Scanning Fees	3,400	3,100	3,105	5	-	-	-	-
Art Income	20,900	18,825	18,831	6	-	-	-	-
BCC - Court Cost	71,500	61,275	61,349	74	-	-	-	-
Bond Forfeiture Income	3,100	6,100	6,286	186	-	-	-	-
Deposit	2,200	1,050	1,055	5	-	50	42	(8)
Diversion Income	19,300	9,450	9,451	1	-	-	-	-
Department of Public Safety	3,000	500	488	(12)	-	-	-	-
JBF Civil	-	-	-	-	7,000	6,225	6,220	(5)
JBF Criminal	-	-	-	-	8,000	6,300	6,488	188
Probation Income	18,000	19,600	19,594	(6)	-	-	-	-
Interest	-	630	662	32	-	25	27	2
Total revenues	142,600	121,605	121,890	285	15,000	12,600	12,777	177
Expenditures:								
Accounting	600	180	188	(8)	-	-	-	-
Ad hoc fees	2,300	3,900	3,900	-	-	-	-	-
Audit fees	13,800	17,200	17,200	-	-	-	-	-
Bank Supplies	-	360	372	(12)	-	175	167	8
Computer expenses	2,700	2,675	2,670	5	3,100	5,025	5,029	(4)
Computer maintenance	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-
Conferences and seminars	12,800	9,075	9,084	(9)	-	-	-	-
Copier	-	-	-	-	1,900	1,775	1,772	3
Court reporter	700	375	375	-	-	-	-	-
Dues	700	1,125	1,130	(5)	-	-	-	-
Image	-	-	-	-	8,200	8,500	8,640	(140)
Judicial Building Fund	-	-	-	-	-	-	-	-
Retirement	31,600	31,775	31,768	7	-	-	-	-
Law library	15,000	12,975	12,980	(5)	-	-	-	-
Mileage	180	-	-	-	-	-	-	-
Miscellaneous	225	1,850	1,922	(72)	-	50	49	1
Office cleaning	1,300	-	-	-	-	-	-	-
Office expense	4,200	875	846	29	1,600	300	-	300
Payroll Expenses	50,600	59,900	59,892	8	-	-	-	-
Penalties & Interest	-	-	-	-	-	-	-	-
Per Diem	-	-	-	-	-	-	-	-
Per Judge	1,700	1,725	1,728	(3)	-	-	-	-
Police Witness	-	-	-	-	-	-	-	-
Postage	3,000	3,000	3,000	-	-	-	-	-
Postal meter	700	-	-	-	-	300	303	(3)
Reimbursement	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	125	118	7
Supplies	-	2,575	2,690	(115)	-	300	312	(12)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	142,105	149,565	149,745	(180)	14,800	16,550	16,390	160
Excess (deficiency) of revenues over expenditures	495	(27,960)	(27,855)	105	200	(3,950)	(3,613)	337
Other financing sources (uses)								
Transfers	-	-	-	-	-	-	-	-
Fund balances, beginning	123,732	123,732	123,732	-	32,031	32,031	32,031	-
Fund balances, ending	\$ 124,227	\$ 95,772	\$ 95,877	\$ 105	\$ 32,231	\$ 28,081	\$ 28,418	\$ 337

City Court of Bastrop
Schedules of Required Supplementary Information - Pension
For the year ended June 30, 2018

Schedule of the Employer's Proportionate Share of the Net Pension Liability **Schedule 1**

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency'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
Louisiana State Employees' Retirement System					
2018	0.42740%	\$ 300,840	\$ 79,221	380%	62.5%
2017	0.41410%	\$ 325,174	\$ 74,168	438%	57.7%
2016	0.39580%	\$ 269,204	\$ 74,563	361%	62.7%
2015	0.41088%	\$ 256,931	\$ 73,226	351%	65.0%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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

Schedule of Employer Contributions **Schedule 2**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2018	\$ 30,203	\$ 30,203	\$ -	\$ 79,221	38.1%
2017	\$ 28,184	\$ 28,184	\$ -	\$ 74,168	38.0%
2016	\$ 28,002	\$ 28,002	\$ -	\$ 74,563	37.6%
2015	\$ 30,389	\$ 30,389	\$ -	\$ 73,226	41.5%

*Amounts presented were determined as of the end of the fiscal year.

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2018

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2018

Bastrop City Court
Schedule of Compensation, Benefits and Other Payments
To Agency Head or Chief Executive Officer
For the year ended June 30, 2018

Agency Head Honorable Judge Philip Lester

Salary	\$ 79,221
Retirement	31,768
Conference meals	826
Conference registration	1,045
Conference lodging	2,420
Conference mileage	<u>508</u>
Total	<u>\$ 115,788</u>



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

To the Honorable Judge Philip Lester
City Court of Bastrop
Bastrop, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Bastrop, as of and for the year ended June 30, 2018, and have issued our report thereon dated December 4, 2018. 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.

Internal Control over Financial Reporting

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

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current and prior year findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.



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. We consider the deficiency described in the accompanying schedule of current and prior year findings to be a material weakness listed as item number 2018-001.

Compliance

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

City Court of Bastrop's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. We did not audit City Court of Bastrop's response and, accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing and 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

December 4, 2018

**City Court of Bastrop
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018**

Section I-Summary of Auditor's Reports

1. The auditor's report expresses an unqualified opinion on the basic financial statements of City Court of Bastrop.
2. One material weakness disclosed during the audit of the basic financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of City Court of Bastrop were disclosed during the audit.

Section II - Financial Statement Finding

Finding 2018-001

Statement of Condition – City Court of Bastrop does not have adequate segregation of duties within the administrative office.

Criteria – A system of internal control procedures requires a segregation of duties so that no individual handles a transaction from start to finish.

Effect of condition – Lack of oversight that could lead to improperly recorded transactions.

Cause of condition –The small number of personnel employed by City Court of Bastrop.

Recommendation – City Court of Bastrop should monitor the assignment of duties to insure as much segregation of duties as possible.

Questioned costs – None

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards.

**City Court of Bastrop
P.O. Box 30
Bastrop, LA 71221**

June 30, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN

City Court of Bastrop respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of contact person: Philip Lester, Bastrop City Judge, P.O. Drawer 391, Bastrop, Louisiana 71221.

Name and address of independent public accounting firm: Oestrieher and Company, CPAs, 4641 Windermere Place, Alexandria, Louisiana 71303-3548

Audit period: July 1, 2017 through June 30, 2018.

The finding from the Schedule of Findings and Questioned Costs are discussed below. The finding is numbered consistently with the number assigned in the schedule. The Summary of Audit Results does not include findings and is not addressed.

FINDING-FINANCIAL STATEMENT AUDIT

FINDING NO. 2018-001:

Recommendation: City Court of Bastrop should monitor the assignment of duties to insure as much segregation of duties as possible.

Action Taken: Employees will be monitored as effectively as possible with the limited staff.

City Court of Bastrop
Summary Schedule of Prior Audit Findings
For the year ended June 30, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

Finding No 2017-001

This condition is not resolved. The court does not have the resources necessary to hire a sufficient number of employees to properly segregate all duties. Management will continue to monitor the issue, and if the court grows, future resources may be used to hire additional employees.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal awards in the year ended June 30, 2017.

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards in the year ended June 30, 2017.



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judge Phillip Lester and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City Court of Bastrop 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, 2017 through June 30, 2018. The City Court of Bastrop'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:

Bank Reconciliations

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

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

Finding: All bank reconciliations tested included evidence that they were prepared within two months of the related statement closing date.

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



Finding: All bank reconciliations tested included evidence that they were reviewed by a member of management who does not handle cash, post ledgers, or issue checks.

- 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.

Finding: There was documentation which reflected management researched reconciling items that were outstanding for more than twelve months.

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

- 2. 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).

Finding: Bastrop City Court provided a list of all locations that process payments and represented that the listing was complete.

- 3. 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.

Finding: The clerk of court can initiate purchases up to \$250 without another employee. At least two employees are involved in initiating purchases greater than \$250.

- b) At least two employees are involved in processing and approving payments to vendors.

Finding: The clerk of court can process and approve payment up to \$250 without another employee. As least two employees are involved in processing and approving payments greater than \$250.

- 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.

Finding: The clerk of court has the ability to process payments and add/modify vendor files. No one reviews vendor changes.

- 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.

Finding: Employees who are responsible for mailing disbursement checks are also responsible for processing payments.

4. For each location selected under #2 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.

Finding: All disbursements tested matched the related invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

Finding: One disbursement tested did not include evidence of segregation of duties. This item was processed and signed by one employee. The remaining items tested included evidence of segregation of duties.

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

5. 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.

Finding: Bastrop City Court provided a listing of all active credit cards, bank debit cards, fuel cards, and P-cards for the fiscal period and represented that the listing was complete.

6. 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), obtain 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Finding: There were statements and supporting documentation for all cards tested. There was also evidence that the cards tested were reviewed and approved in writing by someone other than the card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Finding: There were no finance charges or late fees assessed on the selected statements.

7. Using the monthly statements or combined statements selected under #6 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).

Finding: All transactions tested were supported by an original itemized receipt and written documentation of the business/public purpose. There were no meal charges tested.

Other

8. 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, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Finding: Management did not report any misappropriations of public funds during the fiscal period.

9. 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.

Finding: Bastrop City Court has the notice posted at its physical address and on its website.

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 SAUP's. 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.

Oestriecker & Company

OESTRIECKER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

December 4, 2018