

**Pineville City Court  
Pineville, Louisiana**

**Audited Financial Statements**

**For the Year Ended December 31, 2017**

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## Independent Auditor's Report

To the Honorable Judge Gary Hays  
Pineville City Court Judge  
Pineville, Louisiana

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

We have audited the accompanying Statement of Net Position and Balance Sheet-Governmental Funds of the Pineville City Court, as of and for the year ended December 31, 2017 and the related notes to the financial statements. We were engaged to audit the Statement of Activities, and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance. These financial statements 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. 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 opinion.

### **Opinion**

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 Pineville City Court as of December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the pension information and budgetary comparison information included on pages 29 and 30 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 Pineville City Court's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 32 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 June 15, 2018, on our consideration of the Pineville 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 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 Pineville City Court's internal control over financial reporting and compliance.

*Oestrieche & Company*

OESTRIECHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

June 15, 2018

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Pineville City Court  
Statement of Net Position  
December 31, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 558,657	\$ -	\$ 558,657
Capital assets, net of accumulated depreciation	54,584	-	54,584
<b>Total assets</b>	<b>613,241</b>	<b>-</b>	<b>613,241</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>148,045</b>	<b>-</b>	<b>148,045</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	736	-	736
Other current liabilities	3,702	-	3,702
<b>Total current liabilities</b>	<b>4,438</b>	<b>-</b>	<b>4,438</b>
<b>Long term liabilities</b>			
Pension liability	287,114	-	287,114
<b>Total liabilities</b>	<b>291,552</b>	<b>-</b>	<b>291,552</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>14,591</b>	<b>-</b>	<b>14,591</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	54,584	-	54,584
Restricted for building maintenance\improvements	97,478	-	97,478
Unassigned net position	303,081	-	303,081
<b>Total net position</b>	<b>\$ 455,143</b>	<b>\$ -</b>	<b>\$ 455,143</b>

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

**Pineville City Court  
Statement of Activities  
For The Year Ended December 31, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</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>
<b>GOVERNMENTAL ACTIVITIES</b>							
<b>Primary Government</b>							
Governmental activities	\$ 456,155	\$ 404,593	\$ -	\$ -	\$ (51,562)	\$ -	\$ (51,562)
Total governmental activities	<u>456,155</u>	<u>404,593</u>	<u>-</u>	<u>-</u>	<u>(51,562)</u>	<u>-</u>	<u>(51,562)</u>
Total primary government	<u>\$ 456,155</u>	<u>\$ 404,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,562)</u>	<u>\$ -</u>	<u>\$ (51,562)</u>
General revenues:							
Interest and investment earnings							
-							
Miscellaneous							
170,853							
Total general revenues and transfers							
<u>170,853</u>							
<b>Change in net position</b>							
<u>\$ 119,291</u>							
<b>Net position-beginning of year</b>							
<u>335,852</u>							
<b>Net position-ending of year</b>							
<u>\$ 455,143</u>							

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

**FUND FINANCIAL STATEMENTS**

Pineville City Court  
Balance Sheet  
Governmental Funds  
December 31, 2017

	General Fund	Judicial Building Fund	Total Governmental Funds
<b><u>Assets</u></b>			
Cash	\$ 461,179	\$ 97,478	\$ 558,657
Due from other funds	-	-	-
<b>Total assets</b>	<b>\$ 461,179</b>	<b>\$ 97,478</b>	<b>\$ 558,657</b>
 <b><u>Liabilities and fund balance</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 735	\$ -	\$ 735
Other current liabilities	3,703	-	3,703
<b>Total liabilities</b>	4,438	-	4,438
<b>Fund balance:</b>			
Restricted	-	97,478	97,478
Unassigned	456,741	-	456,741
<b>Total fund balances</b>	456,741	97,478	554,219
<b>Total liabilities and fund balances</b>	<b>\$ 461,179</b>	<b>\$ 97,478</b>	<b>\$ 558,657</b>

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  
December 31, 2017**

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Total fund balance-total governmental funds		\$ 554,219
Amounts reported for <i>governmental activities</i> in the statement of net position (government-wide financial statements) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Cost of assets	314,940	
Accumulated depreciation	<u>(260,355)</u>	
		54,585
Pension liabilities and related deferred inflows and outflow of resources are not reported in the governmental funds but are reported in the government-wide financial statements		
Pension liability	(287,114)	
Deferred inflows of resources	(14,591)	
Deferred outflows of resources	<u>148,045</u>	
		<u>(153,660)</u>
Total net position of governmental activities (government-wide financial statements)		<u>\$ 455,144</u>

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

**Pineville City Court**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances-Governmental Funds**  
**For the year ended December 31, 2017**

	<b>General Fund</b>	<b>Judicial Building Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Court costs	\$ 176,857	\$ 51,540	\$ 228,397
Probation fees	172,960	-	172,960
Miscellaneous	174,088	-	174,088
<b>Total revenues</b>	<u>523,905</u>	<u>51,540</u>	<u>575,445</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Fund	329,445	-	329,445
Building Fund	-	36,111	36,111
Capital outlay	-	3,974	3,974
<b>Total expenditures</b>	<u>329,445</u>	<u>40,085</u>	<u>369,530</u>
<b>Excess (deficiency) of revenues over expenditures</b>	194,460	11,455	205,915
<b>Other financing sources (uses)</b>			
Transfers (to) from other funds	-	-	-
<b>Fund balances, beginning</b>	<u>262,281</u>	<u>86,023</u>	<u>348,304</u>
<b>Fund balances, ending</b>	<u>\$ 456,741</u>	<u>\$ 97,478</u>	<u>\$ 554,219</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 December 31, 2017**

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Net changes in fund balances-total governmental funds (fund financial statements) \$ 205,915

Amounts reported for *governmental activities* in the statement of activities (government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund. Government activities report depreciation expense to allocate the cost of those capital assets over the estimated useful life.

Capital expenditures 3,974  
Depreciation expense (11,094)

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 (79,504)

Change in net position of governmental activities (government-wide financial statements) \$ 119,291

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

**Pineville City Court**  
**Statement of Fiduciary Net Assets-Fiduciary Fund**

**December 31, 2017**

	<b>Civil Fees Fund</b>	<b>Criminal Bonds Fund</b>	<b>Appeal Bonds Fund</b>	<b>Total</b>
<b><u>Assets</u></b>				
Cash	\$ 507,042	\$ 560	\$ 18,570	\$ 526,172
<b>Total assets</b>	<b><u>\$ 507,042</u></b>	<b><u>\$ 560</u></b>	<b><u>\$ 18,570</u></b>	<b><u>\$ 526,172</u></b>
<b><u>Liabilities and Net Assets</u></b>				
Amounts held for disposition	\$ 507,042	\$ 560	\$ 18,570	\$ 526,172
<b>Total liabilities</b>	<b><u>\$ 507,042</u></b>	<b><u>\$ 560</u></b>	<b><u>\$ 18,570</u></b>	<b><u>\$ 526,172</u></b>

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

**NOTES TO FINANCIAL STATEMENTS**

**Pineville City Court**  
**Notes to Financial Statements**

**For Year Ended December 31, 2017**

**Introduction**

The financial statements of the Pineville City Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Court's accounting policies are described below.

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

**A. Reporting Entity**

Pineville City Court (the Court), a component unit of the City of Pineville, Louisiana, was established under the authority of Louisiana Revised Statutes 13:1871-2512. Its territorial jurisdiction extends throughout Wards 9, 10, and 11 of Rapides Parish in which the City of Pineville is located. The Court is composed of a City Judge (elected) and a clerk of court (appointed by the City Judge).

Funds flowing through the Court consist mainly of court costs and penalties in criminal cases, probation fees, and deposits in civil cases. In all criminal matters, the judge assesses court costs in accordance with state statutes. The judge uses these revenues to defray the operating expenses of the court or for the payment of clerical fees and similar expenditures as approved by the judge.

The financial statements of the Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and interpretations), constitutes GAAP for governmental units.

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. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable.

**Pineville City Court**  
**Notes to Financial Statements**

**For Year Ended December 31, 2017**

Some of the criteria considered under “legally separate organization” are: (1) the capacity for the organization to have its own name; (2) the right for the organization to sue and be sued in its own name without recourse to the primary government; and (3) the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to be considered “financially accountable” include: (1) appointment of a voting majority impose its will on the organization; (3) potential to provide specific financial benefits to or improve specific financial burdens on the primary government; and (4) fiscal dependence of the organization.

The judge is an independently elected official that has the ability to exercise accountability for fiscal matters. The Court is fiscally dependent on the City of Pineville for office space, courtrooms, and related utility costs, as well as partial funding or salary costs. Because the Court is fiscally dependent on the City of Pineville, the Court was determined to be a component unit of the City of Pineville, the financial reporting entity. However, the Court is a separate reportable entity from the City of Pineville because it is essentially an autonomous unit.

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

*Governmental Funds –*

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

**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 Pineville City Court 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.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

Civil Fees 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.

Criminal Bonds Fund - 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 Pineville City Court. At that time, the bonds for persons convicted of violations are distributed to various agencies.

Appeals Bonds Fund – This fund is used to account for cash bonds posted by defendants that have appealed the outcome of their case.

**B. Basis of Presentation**

The Court's basic financial statements consist of Government-Wide Financial Statements which include a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

*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 Pineville City Court 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.

*Fund Financial Statements*

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

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

**C. Fund Financial Statements**

The Court uses the funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

***Governmental Funds***

Governmental funds account for all or most of the Court's activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Court. The fund balances are classified into five possible categories which focus on the constraints of spending. The categories are non-spendable, restricted, committed, assigned, and unassigned. The following are the Court's governmental funds:

**General Fund**

The General Fund, as provided by state law, is the principal fund of the Court and accounts for the operations for the Court's office. The various fees and charges due to the Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

**Building Fund**

The Building Capital projects Fund accounts for court fees assessed under Revised Statute 13:1910. All monies collected under this statute are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing city courts and for the maintenance and payment of any bond indebtedness on any such existing facilities. Management plans to use these fees for acquisition of equipment and building renovations and improvements.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

***Fiduciary Funds***

Fiduciary funds account for assets held on behalf of outside parties, and focuses on net position and changes in net position.

The fiduciary fund includes the following:

**Agency Funds**

All agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, but use the modified accrual basis of accounting. The agency funds the court maintains are the following: civil fees, criminal bonds, fines and court costs and appeal bonds.

**D. Measurement Focus/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 Pineville City Court has three fiduciary funds, all of which are agency funds and are purely custodial and thus do not involve measurement of results of operations.

**Fund Balances – Fund Financial Statements**

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

**Pineville City Court**  
**Notes to Financial Statements**

**For Year Ended December 31, 2017**

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

**E. Cash and Cash Equivalents**

Under state law, the Court should deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Cash consisted of amounts in demand deposit accounts.

In the governmental fund and agency funds, cash and cash equivalents include amounts in all demand deposits, interest bearing demand deposits and time deposits with original maturities of three months or less from the date of acquisition.

**F. Short-term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from/to other funds in the fund financial statements. These interfund receivables/payables are eliminated for reporting in the Statement of Net Position.

**G. Capital Assets**

In the Government-Wide Financial Statements, capital assets are capitalized and depreciated on a straight-line method over their estimated useful lives. The Court has adopted a capitalization threshold of \$250 for reporting purposes. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, if any, are valued at their estimated fair market value on the date received. Expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas expenditures for repairs and maintenance are expensed.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture & Equipment	7-10 years
Office Equipment	3-7 years
Records Storage Building	15 years
Leasehold Improvements	39 years

In the Fund Financial Statements, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. No provision is made for depreciation on capital assets in the Fund Financial Statements since the full cost is recorded as expenditures at the time of purchase.

**H. Interfund Transactions**

In the government funds, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**I. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

**2. CASH**

At December 31, 2017, the Court has cash and cash equivalents (book balances) totaling \$1,120,829 as follows:

	<u>Governmental Activities Fund</u>	<u>Agency Funds</u>
Demand deposits including		
interest bearing demand deposits	<u>\$558,657</u>	<u>\$562,172</u>
Total	<u>\$558,657</u>	<u>\$562,172</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by the federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2017, the Court's governmental activities fund had \$566,040 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance pledged securities held by the 3<sup>rd</sup> party custodial bank in the name of the Court (GASB Category 1) in the amount of \$735,000. The agency funds had deposits (collected bank balances) of \$533,008 and were insured by the federal deposit insurance for \$250,000 and \$0 in 735,000 (Category 2).

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

**3. CAPITAL ASSETS**

A summary of property and equipment and accumulated depreciation at December 31, 2017 follows:

**Property and Equipment**

	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
Furniture & Equipment	\$ 271,966	\$ 3,974	\$ 0	\$ 275,940
Leasehold Improvements	<u>39,000</u>	<u>0</u>	<u>0</u>	<u>39,000</u>
<b>Total</b>	<b><u>\$ 310,966</u></b>	<b><u>\$ 3,974</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 314,940</u></b>

**Accumulated Depreciation**

	<u>Balance</u> <u>12/31/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2017</u>
Furniture & Equipment	\$ 242,428	\$ 10,094	\$ 0	\$ 252,522
Leasehold Improvements	<u>6,833</u>	<u>1,000</u>	<u>0</u>	<u>7,833</u>
<b>Total</b>	<b><u>\$ 249,261</u></b>	<b><u>\$ 11,094</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 260,355</u></b>

**4. COMPENSATED ABSENCES:**

The Pineville City Court obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of December 31, 2017, and thus, is not recognized in the accompanying financial statements.

**5. ECONOMIC DEPENDENCY:**

All revenues of the Pineville City Court 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.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

**6. PENSION PLAN**

The retirement contributions were filed and paid by the Pineville City Court to the Louisiana State Employees' Retirement System (LASERS), a cost sharing multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. Prior to fiscal year 2015, the City of Pineville filed and paid amounts to LASERS on behalf of the City Judge, therefore there were no pension amounts allocated to the Pineville City court in prior years. All state employees, except certain classes excluded by statute, become members of LASERS as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they are eligible for membership. Elected officials and officials appointed by the Governor may, at their option, become members of LASERS.

LASERS provides retirement, death, and disability benefits to plan members and beneficiaries. Benefits are established by state statute. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, by calling (800)256-3000, or by visiting [www.laseronline.org](http://www.laseronline.org).

Covered employees are required by state statute to contribute 13.0% of their salary to the plan. The court contributes an actuarially determined rate, which at year end was set at 36.7% of the member's annual salary through June 30, 2017 and 39.6% from July 1, 2017 through December 31, 2017. Contributions to LASERS for the 2017 were \$31,256.

***General Information about the plan***

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 Pineville 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

**Pineville City Court**  
**Notes to Financial Statements**

**For Year Ended December 31, 2017**

average annual compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. 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.

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.

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

As of December 31, 2017, the Court reported a total of \$287,114 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 proportionate share of the net pension liability was based on a projection of the Court's long-term contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Court's proportionate share of the Plan was .004080%.

The court recognized pension expense in the statement of activities in the amount of \$110,757 for the year ended December 31, 2017.

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

The court reported deferred outflows of resources and deferred inflows of resources related to the pension plan as follows:

	<b><u>Deferred outflows of resources</u></b>	<b><u>Deferred Inflows of resources</u></b>
Changes in proportion	\$ 106,320	\$ - 0-
Changes in proportionate contributions	0	9,323
Differences between expected and actual experience		5,268
Changes in assumptions	1,133	-0-
Net difference between projected and actual earnings on pension plan investments	9,336	-0-
Court contributions subsequent to the measurement date	<u>31,256</u>	<u>-0-</u>
 Total	 <u>\$ 148,045</u>	 <u>\$ 14,591</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 December 31, 2018 in the amount of \$31,256. 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 December 31**

2018	\$ 83,332
2019	20,912
2020	3,736
2021	(5,779)

***Actuarial Assumptions***

Inflation	2.75%
Salary increases	2.80% to 3.80%
Investment rate of return	7.70%
Actuarial Cost Method	Entry Age Normal
Expected remaining service lives	3 years

**Pineville City Court  
Notes to Financial Statements**

**For Year Ended December 31, 2017**

Mortality rates for LASERS were based on the RP-2000 Employee Table for active members, Healthy Mortality Table for healthy annuitants and Disabled Retiree 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's investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

***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>
\$ 360,439	\$287,114	\$ 224,770

***Pension plan fiduciary net position:***

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

**Pineville City Court**  
**Notes to Financial Statements**

**For Year Ended December 31, 2017**

**7. RISK MANAGEMENT**

The court is exposed to various risks of loss related to torts; damage to, theft of or destruction of assets, errors and omissions, injuries to employees and the public; and natural disasters. The City of Pineville carries commercial insurance including workers' compensation and employee health and accident insurance. In addition, the Court carries fidelity bonds on the clerks. No claims from these risks have exceeded commercial insurance coverage in any of the past three years.

## **Required Supplementary Information**

**Pineville City Court**  
**Schedules of Required Supplementary Information - Pension**  
**For the year ended December 31, 2017**

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**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
<b>Louisiana State Employees' Retirement System</b>					
2017	0.00408%	\$ 287,114	\$ 81,887	351%	62.5%
2016	0.00352%	\$ 276,331	\$ 68,853	401%	62.7%

\*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.*

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**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
<b>Louisiana State Employees' Retirement System</b>					
2016	\$ 31,256	\$ 31,256	\$ -	\$ 81,887	38.2%
2015	\$ 26,216	\$ 26,216	\$ -	\$ 68,853	38.1%

\*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.*

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**Notes to Required Supplementary Information**

***Changes of Benefit Terms***

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

***Changes of Assumptions***

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

**Budgetary Comparison Schedule**  
**All Governmental Fund Types**  
**Pineville City Court**  
**For the year ended December 31, 2017**

	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)
<b>Revenues:</b>								
Court costs	\$ 340,000	\$ 340,000	\$ 349,817	\$ 9,817	\$ 40,000	\$ 40,000	\$ 51,540	\$ 11,540
Other revenue	5,000	5,000	174,088	169,088	-	-	-	-
<b>Total revenues</b>	<u>345,000</u>	<u>345,000</u>	<u>523,905</u>	<u>178,905</u>	<u>40,000</u>	<u>40,000</u>	<u>51,540</u>	<u>11,540</u>
<b>Expenditures:</b>								
Salaries	46,200	46,200	94,087	(47,887)	-	-	-	-
Payroll taxes	15,000	15,000	2,121	12,879	-	-	-	-
Lunch meetings	2,500	2,500	2,498	2	-	-	-	-
Office supplies	11,000	11,000	16,814	(5,814)	12,500	12,500	8,536	3,964
Computer expenses	-	-	-	-	25,000	25,000	19,261	5,739
Repairs and maintenance	750	750	45	705	8,000	8,000	5,638	2,362
Professional fees	25,000	25,000	29,747	(4,747)	1,500	1,500	156	1,344
Postage	250	250	43	207	-	-	-	-
Dues, subscriptions, and books	3,000	3,000	750	2,250	-	-	-	-
Document shredding	1,000	1,000	2,719	(1,719)	-	-	-	-
Security	-	-	-	-	10,500	10,500	2,520	7,980
Seminars	7,500	7,500	3,925	3,575	-	-	-	-
Expungements	500	500	-	500	-	-	-	-
Bank charges	350	350	66	284	-	-	-	-
Per diem	3,000	3,000	3,655	(655)	-	-	-	-
Flowers	250	250	275	(25)	-	-	-	-
LASERS retirement	25,000	25,000	31,256	(6,256)	-	-	-	-
Reimbursement	1,500	1,500	4,812	(3,312)	-	-	-	-
Salary reimbursement	125,000	125,000	127,176	(2,176)	-	-	-	-
Travel and lodging	9,000	9,000	9,456	(456)	-	-	-	-
Capital expenditures	-	-	-	-	-	-	3,974	(3,974)
<b>Total expenditures</b>	<u>276,800</u>	<u>276,800</u>	<u>329,445</u>	<u>(52,645)</u>	<u>57,500</u>	<u>57,500</u>	<u>40,085</u>	<u>17,415</u>
<b>Excess (deficiency) of revenues over expenditures</b>	68,200	68,200	194,460	126,260	(17,500)	(17,500)	11,455	28,955
<b>Other financing sources (uses)</b>								
Transfers	-	-	-	-	-	-	-	-
<b>Fund balances, beginning</b>	262,281	262,281	262,281	-	86,023	86,023	86,023	-
<b>Fund balances, ending</b>	<u>\$ 330,481</u>	<u>\$ 330,481</u>	<u>\$ 456,741</u>	<u>\$ 126,260</u>	<u>\$ 68,523</u>	<u>\$ 68,523</u>	<u>\$ 97,478</u>	<u>\$ 28,955</u>

## **Supplementary Information**

**Pineville City Court**  
**Schedule of Compensation, Benefits and Other Payments**  
**To Agency Head or Chief Executive Officer**  
**For the year ended December 31, 2017**

**Agency Head Name:** Gary Hays  
**Position:** Pineville City Judge

Salary – City of Pineville Payments	\$ 20,933
Salary – Pineville City Court Payments	81,887
Salary – Supreme Court Payments	40,640
Deferred Compensation (contributions made by the agency)	0
Benefits Insurance-Supreme Court	18,036
Benefits Long Term Care/Disability Insurance	0
Benefits Retirement - (Supreme Court)	6,194
Benefits Retirement- (Pineville City Court)	31,256
Car Allowance	0
Vehicle Provided by Government (Reported W-2 Amount)	0
Cell Phone	0
Dues	0
Vehicle Rental	0
Per Diem	1,793
Reimbursements	4,063
Registration Fees	650
Conference Travel	160
Conference Lodging	<u>809</u>
 Total	 <u>\$ 206,421</u>



# OESTRIECHER & COMPANY

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DALE P. DeSELLE, CPA

## **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 Gary Hays  
Pineville City Court  
Pineville, Louisiana

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Pineville City Court, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Pineville City Court's basic financial statements and have issued my report thereon dated June 15, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered Pineville City Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pineville City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pineville City Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



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*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 finding described in the accompanying schedule of year findings and questioned costs as item 2017-001 to be a material weakness.

## **Compliance**

As part of obtaining reasonable assurance about whether Pineville City Court'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*.

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

This report is intended solely for the information of management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. 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

June 15, 2018

**Pineville City Court**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2017**

*Section I-Summary of Auditor's Reports*

1. The auditor's report expresses an unqualified opinion on the Statement of Net Assets and the Balance Sheets-Governmental Funds. The auditor's report disclaims an opinion on the Statement of Activities, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance, and the Notes to the Financial Statements.
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 non-compliance were reported.

*Section II - Financial Statement Findings*

**Finding 2017-001**

**Statement of Condition** – Pineville City Court 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 Pineville City Court.

**Recommendation** – Pineville City Court 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.

**Pineville City Court  
Pineville, Louisiana**

**Year Ended December 31, 2017**

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

Pineville City Court respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of contact person: Judge Gary Hays, Pineville City Judge, 904 Main Street, Pineville, LA 71360

Name and address of independent public accounting firm: Oestriecher & Company, CPAs, 4641 Windermere Place, Alexandria, LA 71303

Audit period: January 1, 2017 through December 31, 2017.

The findings from the Schedule of Findings and Questions 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.

**FINDINGS-FINANCIAL STATEMENT AUDIT**

**FINDING 2017-001**

Condition: Pineville City Court does not have adequate segregation of duties.

Recommendation: Consider the cost/benefit of hiring additional personnel.

Response: Pineville City Court does not consider the cost of hiring additional personnel as exceeding any benefit. Duties will be segregated as much as possible, with oversight from the Judge.

**Pineville City Court**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended December 31, 2017**

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

**Finding No 2016-1**

The condition is resolved.

**Finding No 2016-2**

The condition is not resolved. Due to cost/benefit considerations, the condition is not expected to be resolved, and is reported as finding 2017-1 in the current year.

**Finding 2016-3**

The condition is resolved.

*Section II - Internal Control and Compliance Material to Federal Awards*

There were no federal awards in the year ended December 31, 2016.

*Section III – Federal Awards Findings and Questioned Costs*

There were no federal awards in the year ended December 31, 2016.



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DALE P. DeSELLE, CPA

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

To the Honorable Judge Gary Hays and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Pineville City Court and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Pineville City Court'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 AICPA 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

**Finding:** The written policies related to budgeting include procedures for all required elements above with the exception of amending the budget.

b. **Purchasing**, including (1) how purchases are initiated; (2) the preparation and approval process of purchase requisitions and purchase orders; (3) controls to ensure compliance with the public bid law or state purchasing rules and regulations; and (4) documentation required to be maintained for all bids and price quotes.

**Finding:** The written policies related to purchasing include procedures for all required elements above.



- c. *Disbursements*, including processing, reviewing, and approving

*Finding:* Pineville City Court's written policies related to processing, reviewing, and approving disbursements include procedures for all of these required elements.

- d. *Receipts*, including receiving, recording, and preparing deposits

*Finding:* Pineville City Court's written policies related to receiving, recording, and preparing deposits of receipts include procedures for all of these elements.

- e. *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*Finding:* Pineville City Court's written policies related to payroll processing, reviewing, and approving time and attendance records, including leave and overtime worked, include procedures for all of these elements.

- f. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions (3) approval process, and (4) monitoring process

*Finding:* Pineville City Court's written policies related to contracting types of services requiring written contracts, standard terms and conditions of contracting, approval process, and monitoring process of contracting include provisions to address all of these areas.

- 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.

*Finding:* Pineville City Court does not have any credit cards.

- h. *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (2) documentation requirements, (3) time-frame in which request must be submitted and (4) required approvers.

*Finding:* Pineville City Court's written policies and procedures related to; allowable expenses, dollar thresholds by category of expense, documentation requirements, time-frame in which request must be submitted, and required approves for travel and expense reimbursement, includes provisions to ensure compliance and quality control in all of these areas.

- i. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.

***Finding:*** Pineville City Court’s written policies and procedures related to ethics, including the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, actions to be taken if an ethics violation takes place, and a system to monitor possible ethics violations, include policies to mitigate risks related to these areas.

- j. ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

***Finding:*** Pineville City Court’s written policies and procedures related to debt issuance approval, EMMA reporting requirements, debt reserve requirements, and debt service requirements include procedures to ensure compliance in these areas.

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

Pineville City Court does not have a board or finance committee. This section is not applicable.

**Bank Reconciliation**

- 3. Obtain a listing of client bank accounts from management and management’s representation that the listing is complete.

***Finding:*** Pineville City Court provided a listing of 5 bank accounts and represented the listing was complete.

- 4. Using the listing provided by management, select all of the entity’s bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts. For each of the bank accounts in the listing provided by management, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a. Bank reconciliations have been prepared;

***Finding:*** Bank reconciliations were prepared every month for each account.

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

***Finding:*** All months indicated that a member of management had reviewed the bank reconciliation

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

**Finding:** There were no items outstanding for more than 180 days.

### **Collections**

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

**Finding:** All cash/checks/money orders/ or other cash is collected at the teller window.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

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

**Findings:** Due to the lack of number of personnel, some employees that deposit and record cash are responsible for collection cash. Employees responsible for handling cash are bonded. Employees do not share a cash drawer.

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

**Findings:** Misty Richardson reconciles the cash accounts and agrees to the general ledger. She is sometimes responsible for cash collections.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day.

**Findings:** All deposits were made within one day of collection with the exception of 1 deposit that was made in two days.

- ii. Using sequentially numbered cash receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Findings:** All cash collections were supported by documentation.

7. Obtain existing written documentation (e.g. policy manual written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source (e.g. periodic confirmation with outside parties, reconciliation of receipt number sequences, reasonableness of cash collections based on licenses issued) by a person who is not responsible for collections.

**Findings:** Pineville City Court has policies that segregate the collection process from the recording process to the extent possible with the limited staff.

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

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

**Findings:** Pineville City Court provided a list of all disbursements and represented the listing was complete

9. Using the disbursement population from #7 above, randomly select 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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

*Findings:* Pineville City Court does not use a requisition/purchase order system. This is not applicable.

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

*Findings:* There were no written signatures showing approval. The clerk of court can initiate purchases up to \$250.00 without prior approval and the judge is the highest authority within the organization.

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

*Findings:* Not applicable. Pineville City Court does not utilize purchase orders.

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

*Findings:* The clerk of court and judge can approve the addition of any new vendors. The clerk is not prohibited from adding vendors. The lack of segregation of duties is due to the limited number of staff.

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

*Findings:* The clerk of court and the Judge have signatory authority and can be responsible for initiating the purchase. The clerk of court records purchases in the accounting records. The lack of segregation of duties is due to the limited number of staff.

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

*Findings:* All blank checks are kept in a filing cabinet, but the cabinet is not locked.

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

*Findings:* Not applicable. Pineville City Court does not use a signature stamp.

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

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

*Findings:* Pineville City Court does not have any credit cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements, if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card and:

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

*Findings:* Not applicable

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

*Findings:* Not applicable

16. Using the monthly statements or combined statements selected under #14 above, obtain supporting documentation for all transactions for each of the five cards selected (i.e. each of the five cards should have one month of transactions subject to testing).

- a. For each transaction, report whether the transaction is supported by
  - i. An original itemized receipt (i.e., identifies precisely what was purchased)

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Findings:** Not applicable

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

**Findings:** Not applicable

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

**Findings:** Not applicable

### **Travel and Expense Reimbursement**

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

**Findings:** Pineville City Court of provided the general ledger which contained all travel reimbursements and represented that the listing was complete.

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

**Findings:** Pineville City Court's written policies set per diem rates at the rate set by the Louisiana Supreme Court. The Louisiana Supreme Court refers to the IRS federal mileage rate. The GSA and IRS both set mileage rates at 53.5 cents per mile. The Pineville City Court allowed \$75 per day for employees and \$118 per day for the judge for daily per diem. This exceeds the \$64 per day per the GSA.

19. Using the listing or general ledger from #16 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#17 above) and report each reimbursement that exceeded those rates.

**Findings:** The reimbursement for the three highest travel costs were paid to Gary Hays, Darrin Luneau, and Misty Richardson. All were reimbursed in accordance with policy. However, the policy exceeds GSA rates.

- b. Report whether each expense is supported by:
  - i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Findings:** All 3 expenses were reimbursed based on an established per diem amount and are not required to have a receipt

- ii. Documentation of business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

**Findings:** These 3 expenses are supported by documentation that the public purpose of this conference was to attend seminars designed to increase their knowledge and proficiency in serving the citizens of Pineville.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

**Findings:** All 3 expenses were reimbursed based on an established per diem amount and are not required to have a receipt

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

transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Findings:** The Pineville City Court’s documentation of the business/public purpose of these travel expenses are in compliance with the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

**Findings:** There was no written documentation that someone other than the person receiving the reimbursement reviewed and approved the disbursement for one of the disbursements.

### Contracts

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

**Findings:** The following contracts were in effect during the Pineville City Court’ 2017 fiscal period

1. Kinetix Technologies
2. Vision Leasing, LLC

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

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

**Findings:** Pineville City Court has written contracts supporting the services provided by all contracts

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

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Findings:* None of the contracts were subject to the Louisiana Bid Law or Procurement Code

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

*Findings:* It does not appear as though any of these contracts were amended.

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

*Findings:* All other payments pursuant to the contracts complied with the terms and conditions of the contracts.

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

*Findings:* Not Applicable

## **Payroll and Personnel**

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

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

*Findings:* All employees were paid in accordance with the pay rate structure.

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

*Findings:* All changes to hourly pay rates / salaries were approved in writing and in accordance with written policy.

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

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

*Findings:* The supplemental pay is not subject to the leave policy.

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

*Findings:* The supplemental pay is not subject to the leave policy.

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

*Findings:* The supplemental pay is not subject to the leave policy.

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

*Findings:* No Pineville City Court employees were terminated during the fiscal period.

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

*Findings:* The employee and employer portions of payroll taxes and retirement contributions, including the required reporting forms, were submitted to the applicable agencies by the required deadlines without any exceptions to report.

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

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26. Using the five randomly selected employees/officials from procedure #21 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Findings:* All employees obtained the required Ethics training and documentation.

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

*Findings:* Pineville City Court did not have any ethics violations reported during the fiscal year 2017.

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

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

*Findings:* Not applicable. Pineville City Court did not issue any debt during the period.

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

*Findings:* This is not applicable as the Court did not have any outstanding debt during the fiscal period.

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

*Findings:* This is not applicable as the court did not have any tax millages relating to debt service.

*Other*

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

*Findings:* This is not applicable as the entity did not have any misappropriations of public funds or assets.

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

*Findings:* Pineville City Court has the notice posted as required.

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

*Findings:* There are no exceptions to report.

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.

*Oestriecher & Company*

OESTRIECHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

June 15, 2018