

***CITY COURT OF THIBODAUX,
LOUISIANA***

Annual Financial Report

For the Year Ended December 31, 2017

CITY COURT OF THIBODAUX, LOUISIANA
Annual Financial Report

TABLE OF CONTENTS

For the Year Ended December 31, 2017

	<u>Page</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
FINANCIAL SECTION:	
<i>INDEPENDENT AUDITOR'S REPORT</i>	7
BASIC FINANCIAL STATEMENTS:	
<i>Government Wide Financial Statements:</i>	
Statement of Net Position	10
Statement of Activities	11
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities	14
Statement of Fiduciary Net Position	15
<i>NOTES TO THE FINANCIAL STATEMENTS</i>	16
REQUIRED SUPPLEMENTARY INFORMATION	
Budget Comparison Schedule-General Fund	34
Budget Comparison Schedule – Marshal Fund	35
Louisiana State Employees Retirement System (LASERS)	36
Schedule of the Proportionate Share of the Net Pension Liability	
Schedule of Contributions	
Notes to Required Supplementary Information	
OTHER INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Head	37
REPORTS REQUIRED BY GAO	
Independent Auditor's Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Summary Schedule of Current Year Findings	40

**CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

This discussion and analysis of City Court of Thibodaux's (City Court) financial performance provides an overview of the financial activities for the year.

FINANCIAL HIGHLIGHTS

- Assets and deferred outflows exceeded its liabilities and deferred inflows by \$529,124. This compares to the previous year when assets exceeded liabilities by \$441,043. The change in net position increased by \$88,081.
- Total net position is comprised of the following:
 - Net invested in capital assets of \$105,884 consisting of equipment, furniture, leasehold improvements, and vehicles, net of accumulated depreciation.
 - Restricted for Marshal's fund of \$183,250, representing the portion restricted due to enabling legislation that authorizes the City Court to assess court costs for the Marshal to operate his office.
 - Unrestricted net assets of \$239,990 representing the portion available to maintain continuing obligations to citizens and creditors.
- Total spending for all judicial activities was \$809,011 for the year, which was \$139,375 more than the fines and costs charged for these activities and operating and capital grants and contributions totaling \$948,386, an increase of \$88,408.
- The governmental funds reported total ending fund balance of \$602,481 – \$183,250 was considered restricted and the remaining \$419,231 was considered unassigned. This compares to the prior year ending fund balance of \$554,134, an increase of \$48,347 during the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities as a whole and present a longer-term view of the finances. Fund financial statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the government.

Our auditor has provided assurance in his independent auditor's report, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing

**CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the entity as a whole. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is like the accounting used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report net position and changes in net position. You can think of the net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the financial health, or financial position of the entity. Over time, increases or decreases in the net position are indicators of whether the entity's financial health is improving or deteriorating. You will need to consider other non-financial factors, however, to assess the overall health of the entity.

In the Statement of Net Position and the Statement of Activities all governmental activities are reported. Most of the basic judicial services are reported as this type. Fines and fees charged to the public and operating contributions finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the City Court as a whole. Some funds are required to be established by State laws. However, City Court establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Marshal's Fund).

City Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be

**CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the judicial programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

FINANCIAL ANALYSIS OF THE CITY COURT AS A WHOLE

The net position of the Court increased by \$88,081 as a result of this year's operations. The overall financial position improved by 16% during fiscal year. Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed an increase this year of \$16,529. Net Invested in Capital Assets experienced a modest increase of \$30,421. Restricted net position increased \$41,131 from last year. The balance in net position represents the accumulated results of all past years' operations. Following is a condensed statement of Net Position:

	2016	2017	Dollar Change
Current and Other Assets	\$ 575,538	\$ 615,707	\$ 40,169
Capital Assets	75,463	105,884	30,421
Total Assets	651,001	721,591	70,590
Deferred Outflows of Resources	35,576	42,624	7,048
Current Liabilities	21,404	13,225	(8,179)
Long Term Liabilities	222,070	208,068	(14,002)
Total Liabilities	243,474	221,293	(22,181)
Deferred Inflows of Resources	2,060	13,798	11,738
Net Invested in Capital Assets	75,463	105,884	30,421
Restricted	142,119	183,250	41,131
Unrestricted	223,461	239,990	16,529
Total Net Position	<u>\$ 441,043</u>	<u>\$ 529,124</u>	<u>\$ 88,081</u>

The total revenues for the year in governmental activities were \$950,664 (\$948,386 in program revenues and \$2,278 in general revenues). The total cost of all judicial programs and services was \$809,011 with no new programs added this year. Following is a condensed Statement of Activities:

**CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

	FY 2016	FY 2017	Dollar Change
Total program expenses	\$ (881,319)	\$(809,011)	\$ 72,308
Total program revenues	932,286	948,386	16,100
Net program income	50,967	139,375	88,408
General revenues	2,605	2,278	(327)
Change in Net Assets	53,572	141,653	88,081
Net Position:			
Beginning of the year	387,471	387,471	-
End of the year	<u>\$ 441,043</u>	<u>\$ 529,124</u>	<u>\$ 88,081</u>

FINANCIAL ANALYSIS OF THE CITY COURT'S FUNDS

As we noted earlier, funds are used to control and manage money for particular purposes. Looking at the individual funds helps you consider whether the City Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health. The following is information about the major funds.

At the end of the year, the General Fund reported an ending fund balance of \$419,231, an increase of \$7,216 or 1% from the prior year. Revenues of \$750,397 increased slightly from last year. Current expenditures of \$690,118 also increased slightly by 4%. Capital outlay of \$53,063 is significantly less than the prior year of \$87,035.

The Marshal's Fund had an ending fund balance of \$183,250. Revenues of \$200,267 increased slightly by 5%. Current expenditures increased by over \$10,000.

At the end of the current year, unassigned fund balance for the General Fund was \$419,231, or 56% of total General Fund expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was amended during the year. Revenues budgeted were amended by \$18,880 for increases in court fees, fines and costs (\$18,000) and grant from state (\$5,000) and interest earned and other fees (\$880) and for decreases in judge's supplemental pay (\$5,000). Current expenditures for the year were decreased from the original budget to the amended budget in the amount of \$11,850 with significant decreases in personnel of \$18,800.

**CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017**

The General Fund experienced favorable variances when comparing budget to actual. All funds followed the State and Local Budget laws.

CAPITAL ASSETS

The investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 and 2016 was \$105,884 and \$75,463, respectively. This year there was \$65,603 in additions and \$12,540 was transferred as a deposit on software to capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

LONG TERM OBLIGATIONS

Net Pension Liability of \$208,068 was recorded as non-current liabilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Historically, the office staff and costs remain stable and should continue to do so. Most capital asset purchases are absorbed by the City of Thibodaux in their current operating budget. If these estimates remain consistent, the General Fund balance is expected to decrease modestly by the close of 2018. Highlights of next year's adopted budget for the general fund include:

Condensed Summary of Budgeted Finances

	2018
Anticipated revenues	\$ 143,288
Expenditures:	
Current	185,513
Capital outlay	-
Anticipated expenditures	185,513
Deficit of revenues over expenditures	(42,225)
Fund Balance:	
Beginning of the year	413,000
End of the year	\$ 370,775

***CITY COURT OF THIBODAUX, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017***

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

The Honorable Judge Mark Chiasson,
1309 Canal Blvd., Thibodaux, LA 70301
Phone (985) 446-7238.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mark Chiasson, Judge
the Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Thibodaux, Louisiana, a component unit of the City of Thibodaux, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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 statement that are free of material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

To the Honorable Mark Chiasson, Judge
The Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana
Page 2

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 polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the City Court of Thibodaux, Louisiana as of December 31, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.



To the Honorable Mark Chiasson, Judge
The Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana
Page 3

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide 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 basic financial statements. The Schedule of Compensation of Payments to the Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2018, on our consideration of the 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 testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Stagni & Company

April 28, 2018
Thibodaux, Louisiana



CITY COURT OF THIBODAUX, LOUISIANA
Statement of Net Position - Governmental Activities
 December 31, 2017

ASSETS

Cash and cash equivalents	\$ 511,527
Due to/from other funds	104,180
Capital assets, net of depreciation	105,884
Total assets	721,591

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - contributions	7,803
Deferred outflows of resources - other	34,821
Total Deferred outflows of resources	42,624

LIABILITIES

Current:

Accounts payable and accrued expenses	149
Due to other governments	11,649
Bond and other deposits	1,427
Total current liabilities	13,225

Noncurrent -

Net Pension Liability	208,068
Total liabilities	221,293

DEFERRED INFLOWS OF RESOURCES

Proportionate share	13,798
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NET POSITION

Net investment in capital assets	105,884
Restricted for Marshal Fund	183,250
Unrestricted	239,990
Total Net Position	\$ 529,124

See notes to the financial statements.

CITY COURT OF THIBODAUX, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General Fund	Marshal's Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 333,087	\$ 178,440	\$ 511,527
Due to/from other funds	99,369	4,811	104,180
Total assets	<u>\$ 432,456</u>	<u>\$ 183,251</u>	<u>\$ 615,707</u>
LIABILITIES & FUND BALANCE			
<i>Liabilities:</i>			
Accounts payable and accrued expenses	\$ 149		\$ 149
Due to other governments	11,649		11,649
Bond and other deposits	1,427		1,427
Total liabilities	<u>13,225</u>		<u>13,225</u>
<i>Fund Balance:</i>			
Restricted	-	\$ 183,250	183,250
Unassigned	419,231	-	419,231
Total equity	<u>419,231</u>	<u>183,250</u>	<u>602,481</u>
Total liabilities & fund balance	<u>\$ 432,456</u>	<u>\$ 183,250</u>	

RECONCILIATION TO THE STATEMENT OF NET POSITION:

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

Cost of Capital Assets	285,605	
less Accumulated Depreciation	<u>(179,721)</u>	105,884

Long term liabilities are not due and payable in the current period and therefore, are not report in the funds.

Net pension liability		(208,068)
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:

Deferred outflows - contributions	7,803	
Deferred outflows - others	34,821	
Deferred inflows - proportionate share	<u>(13,798)</u>	28,827

Net assets of governmental activities		<u>\$ 529,124</u>
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See notes to financial statements.

CITY COURT OF THIBODAUX, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended December 31, 2017

	General Fund	Marshal's Fund	Total Governmental Funds
REVENUES			
Court fees, fines and costs	\$ 95,031	\$ 77,230	\$ 172,261
Grant Parish	5,413	-	5,413
Grant from State	46,360	-	46,360
Judge's supplemental compensation	53,796	-	53,796
On-behalf salaries and benefits received	548,165	122,391	670,556
Interest earned	1,632	646	2,278
Total revenues	<u>750,397</u>	<u>200,267</u>	<u>950,664</u>
EXPENDITURES			
General government - judicial:			
Current:			
Salaries & benefits	69,691	31,653	101,344
On-behalf salaries & benefits paid	548,165	122,391	670,556
Grant to FINS	12,000	-	12,000
Uniforms	1,608	-	1,608
Supplies	3,952	763	4,715
Dues	952	350	1,302
Meetings and conventions	3,617	-	3,617
Contract labor	20,400	-	20,400
Computer Services	14,932	-	14,932
Storage	4,151	-	4,151
Automobile - gas & service	2,369	2,176	4,545
Cell Phone	-	374	374
Other services and charges	8,281	1,429	9,710
Total current expenditures	<u>690,118</u>	<u>159,136</u>	<u>849,254</u>
Capital outlay	53,063	-	53,063
Total expenditures	<u>743,181</u>	<u>159,136</u>	<u>902,317</u>
Net change in fund balances	7,216	41,131	48,347
FUND BALANCES			
Beginning of year	412,015	142,119	554,134
End of year	<u>\$ 419,231</u>	<u>\$ 183,250</u>	<u>\$ 602,481</u>

See notes to financial statements.

CITY COURT OF THIBODAUX, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
As of and for the year ended December 31, 2017

Net change in fund balances - total governmental funds **\$ 48,347**

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 outlay	\$ 53,063	
Miscellaneous Adjustment	1	
Depreciation Expense	<u>(22,643)</u>	30,421

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions are reported as pension expense.

Pension Contributions	17,743	
Cost of benefits earned net of employee contributions	<u>45,143</u>	<u>62,886</u>

Change in net assets of governmental activities **\$ 141,654**

CITY COURT OF THIBODAUX, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2017

	Civil Fund	Bond Fund	Garnishment Fund	Restitution Fund	Total
ASSETS					
Cash and cash equivalents	\$ 795,892	\$ 103,194	\$ 23,428	\$ 193	\$ 922,707
Total assets	<u>\$ 795,892</u>	<u>\$ 103,194</u>	<u>\$ 23,428</u>	<u>\$ 193</u>	<u>\$ 922,707</u>
LIABILITIES					
Fees payable	\$ 15,295	\$ -	\$ -	\$ -	\$ 15,295
Bonds payable	-	103,194	-	-	103,194
Marshall's Commission payable	-	-	22,087	-	22,087
Restitution payable	-	-	-	193	193
Bonds and other deposits	677,096	-	-	-	677,096
Due to Marshals Fund	-	-	1,341	-	1,341
Due to General Fund	103,501	-	-	-	103,501
Total liabilities	<u>\$ 795,892</u>	<u>\$ 103,194</u>	<u>\$ 23,428</u>	<u>\$ 193</u>	<u>\$ 922,707</u>

See notes to the financial statements

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

Article 7, Section 51, of the Louisiana Constitution of 1921, created the City Court of Thibodaux, Louisiana in 1953 under General Legislative authority provided. In 1960, Louisiana Revised Statutes 13:1951 was passed recognizing and continuing the existence of city courts created and established pursuant to this authority. The City Court of Thibodaux serves the people of the City of Thibodaux, Louisiana and all of Ward 2 of the Parish of Lafourche, Louisiana.

The financial statements have been prepared in conformity with Generally Accepted Accounting Principles (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 more significant accounting policies are described below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

City Court is a component unit of the City of Thibodaux, Louisiana as defined by GASB 14. City Court's judge and marshal are independently elected officials. City Court is fiscally dependent on the City of Thibodaux, Louisiana for office space and courtrooms. The substance of the relationship between City Court and the City of Thibodaux, Louisiana is that the City of Thibodaux, Louisiana has approval authority over its capital budget.

B. Fund Accounting

Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is referred to as "Fund Balance."

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". City Court uses governmental and fiduciary funds in its operations. Governmental funds are used to account for government's general activities, where the focus of attention is on the providing of services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

B. Fund Accounting, (Continued)

Governmental funds:

- *General fund* – The general fund is the general operating fund of the City Court. It accounts for all activities except those accounted for in other funds.
- *Special revenue funds* – are used to account for fees, fines and costs charged for court cases and expenditures for these court cases.

Fiduciary funds:

- *Agency funds* - are used to account for assets that the government holds on behalf of others as their agent.

C. Basis of Accounting

"Basis of accounting" refers to when revenues, expenditures, expenses, and transfers-and assets, deferred outflows of resources, liabilities and deferred inflows of resources – are recognized in the accounts and reported in the financial statements.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues included in the Statement of Activities derive directly from the program itself and reduce the cost of the function to be financed from the general revenues.

Fund Financial Statements

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resource measurement focus and 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.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Court fees, fines, and other revenues are recorded when collected and are considered susceptible to accrual.

D. Budgets

City Courts, as political subdivisions, are required according to LRS 39:1302 to adopt a budget. The City Court presents, adopts and amends an operating budget for the general fund and the marshal funds as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. The budget presented in the Budget Comparison Schedules show the original and final amended budgets for the year. On-behalf payments were not budgeted in revenues or expenditures and are the only reconciling items from the actual on the budget statement to the actual for GAAP purposes.

Encumbrances represent commitments related to unperformed contracts for goods or services. The City Court does not use an encumbrance system.

E. Cash

Cash includes amounts in demand deposits as well as short-term investments (certificates of deposit) with a maturity date within a year of the date acquired. Under state law, the City Court of Thibodaux may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. Interfund Receivables/Payables and Transfers

During the course of operations transactions occur between individual funds. These receivables and payables are classified as "due to or due from other funds" on the balance sheet. All interfund transactions, except quasi-external transactions, are reported as operating transfers.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

F. Interfund Receivables/Payables and Transfers (Continued)

In the process of aggregating data for the statement of net position and the statement of activities some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

G. Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. City Court maintains a threshold level of \$100 or more for capitalizing capital assets. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

- Equipment 3 - 10 years
- Furniture 5 - 10 years
- Law books 20 years

H. Compensated Absences

The City of Thibodaux, Louisiana primarily employs individuals who work at the City Court office. No liability for compensated absences is reflected on the financial statements. Vacation and sick leave do not accumulate.

I. On-behalf Payments and Expenses

Certain expenses of City Court are budgeted and paid for by the City of Thibodaux, Louisiana. These expenses consist of operating supplies, automobile expenses, equipment rental, telephone expenses, audit fees, insurance costs, publishing and other miscellaneous expenses. These expenses from the City of Thibodaux, not recognized on City Court's books, were approximately \$107,985.

The Judge and City Court Employees received on-behalf payments from the State of Louisiana of \$66,621; Lafourche Parish of \$24,750; and the City of Thibodaux of \$456,794 for salaries and benefits.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

I. On-behalf Payments and Expenses (continued)

The Marshal received on-behalf payments from the State of Louisiana of \$6,000; Lafourche Parish of \$6,244; and the City of Thibodaux of \$110,147.

As required by GASB Statement 24, revenue and an expenditure of \$670,556 have been recognized in general fund (\$548,165) and the marshal fund (\$122,391) for these on-behalf payments.

Of the \$548,165 in the general fund, \$40,522 was paid for retirement benefits on behalf of the Judge to the Louisiana State Employees Retirement System. Of the \$122,391 in the marshal fund, \$15,692 was paid for retirement benefits to the Municipal Employees Retirement System on behalf of the Marshal.

J. Fund Equity

Government-Wide Financial Statements –

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation. The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund Financial Statements -

Governmental fund equity is classified as fund balance. Fund balance is further classified as *non-spendable, restricted, committed, assigned, or unassigned*. *Non-spendable fund balance* cannot be spent because of its form. *Restricted fund balance* has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. *Committed fund balance* is a limitation imposed by the City Court through formal action by the City Court Judge. *Assigned fund balances* is a limitation imposed by a designee of the City Court. *Unassigned fund balance* in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

K. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

L. Non-current Liabilities

In the GWFS non-current obligations to be repaid from governmental resources are reported as liabilities. Long-term obligations for governmental funds are not reported as liabilities in the FFS.

M. 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 Louisiana State Employees' Retirement System (LASERS) - the Plan, 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.

N. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 2 - CASH AND CASH EQUIVALENTS

A summary of deposits are listed as follows:

	Reported Amount	Bank Balance
Cash – governmental funds	\$511,327	\$513,910
Cash – fiduciary funds	922,707	930,721
TOTAL DEPOSITS	\$1,434,234	\$1,444,631

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Under the provision of GASB, pledged securities, which are not in the name of the governmental unit, are considered uncollateralized.

Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned to it. At year end \$908,153 of the bank balance of deposits was exposed to custodial credit risk. These deposits were collateralized by securities purchased and pledged to City Court. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in City Court's name.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

City Court of Thibodaux, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE 3 - CAPITAL ASSETS

A schedule of changes in capital assets follows:

COST OF ASSETS:	BALANCE 12/31/2016	ADDITIONS	DELETIONS ADJUSTMENTS	BALANCE 12/31/2017
Non-Depreciable – Software Deposit	\$ 12,540		\$(12,540)	\$ -
DEPRECIABLE ASSETS:				
OFFICE EQUIPMENT	\$ 98,072	\$61,175		\$ 159,247
OFFICE FURNITURE	22,670	4,428	-	27,098
LAW BOOKS	5,844	-	-	5,844
LEASEHOLD IMPROVEMENTS	7,230	-	-	7,230
POLICE SPECIAL EQUIPMENT	11,900	-	-	11,900
VEHICLES	74,287	-	-	74,287
	<u>220,003</u>	<u>65,603</u>	<u>-</u>	<u>285,606</u>
ACCUMULATED DEPRECIATION:				
OFFICE EQUIPMENT	35,866	21,078	-	56,944
OFFICE FURNITURE	21,954	1,565	-	23,519
LAW BOOKS	5,844	-	-	5,844
LEASEHOLD IMPROVEMENTS	7,230	-	-	7,230
POLICE SPECIAL EQUIPMENT	11,900	-	-	11,900
VEHICLES	74,285	-	-	74,285
	<u>157,079</u>	<u>22,643</u>	<u>-</u>	<u>179,722</u>
CAPITAL ASSETS, NET	<u>\$ 75,463</u>			<u>\$ 105,884</u>

Depreciation expense for the year was \$22,643 recorded in governmental activities. There was \$61,603 in capital additions and \$12,540 was transferred from a deposit for software to an addition.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 4 - DUE TO OTHER GOVERNMENTS

Consist of amounts due to other governments for fines collected - to be remitted:

Entity	Amount Due
City of Thibodaux	\$4,423
Indigent Defender	4,860
Lafourche Parish	200
Other miscellaneous	2,166
Totals	\$11,649

NOTE 5 - PENSION PLANS

Employees

All individuals who work at City Court are paid by the City of Thibodaux, Louisiana and are consequently members of the Municipal Employees Retirement System. GASB requires certain disclosures for employers who maintain retirement plans for their employees. All individuals employed at the City Court are primarily compensated by others who disclose the required retirement plan information in separately issued financial statements administered and controlled by a separate board of trustees. Payments made on behalf of the City Court employees for pension benefits to the Municipal Employees Retirement System by the City of Thibodaux for the year ending December 31, 2017 is \$92,370.

Judge

The City Court adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. That Statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

The Judge is a member of the Louisiana State Employees' Retirement System (LASERS), a cost sharing, and multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS membership includes rank & file state employees and special plans for: judges, certain legislative officials and statewide elected officials, correctional officers in the Department of Safety and Corrections, bridge police for the Crescent City Connection, enforcement agents with the Department of Wildlife and Fisheries, Alcohol and Tobacco Control officers, and peace officers.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions requires governments providing pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and RSI. In the past as long as the government paid its Annual Required Contribution, there would be no recorded liability.

Louisiana State Employees' State System

Plan Description – The City Court contributes to the Louisiana State Employees' State System (the System), a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees and their beneficiaries, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and permanent benefit increases and cost of living adjustments to plan members and beneficiaries.

The System is governed by Louisiana Revised Statutes 11:401, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided - LASERS membership has specific membership requirements established by legislation, with LASERS established for state officers, employees, and their beneficiaries which include judges. The age and years of creditable service required in order for a member to retire with full benefits are established by state statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file member may either retire with full benefits:

- 30 years of creditable service at any age, or
- 5-10 years of creditable service depending on their plan who has attained age 60, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

The basic annual retirement benefit for members is equal to 2.5 to 3.5 of average compensation multiplied by the number of creditable years of service. Average compensation is defined as the member's average annual earned compensation for the highest consecutive months of employment for members employed prior to July 1, 2006.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

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

Act 992 of the 2010 Louisiana Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire:

- 5 years of creditable service at age 60, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 23 years of creditable service at any age or with reduced benefits after 20 years or creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does to withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

Deferred Retirement Option Program (DROP) – The State Legislature authorized LASERS to established a deferred retirement option plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of ½% less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Initial Benefit Option Plan – Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of ½% less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits - All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits – Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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

Contributions – The employer contribution rate is established annually under LA RS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Actual Rates for the years ending June 30, 2016 for Judges hired before 1/01/11 was 38.0% for employer contributions and 11.5% for employee contributions which is the only class of member that the city contributes for the City Judge.

Employer contributions to the pension plan totaled \$17,743, for the year ended December 31, 2017.

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

As of June 30, 2016 (the measurement date), City Court reported a total of \$208,068 for its proportionate shares of the net pension liability of the LASERS Plan, reported as governmental activities. 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. City Court's proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 and 2017, the City Court's proportions of the plan was as follows:

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

<u>Plan</u>	<u>Proportionate share</u>	
	<u>6/30/16</u>	<u>6/30/17</u>
LASERS	0.00283%	0.00296%

For the year ended June 30, 2017, City Court recognized \$36,972 as its proportionate share of pension expense for the LASERS plan.

In addition, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in proportion	\$ 6,763	\$ -
Differences between expected and actual experience	822	(3,818)
Net difference between projected and actual earnings on pension plan investments	27,236	(9,980)
Contributions subsequent to the measurement date	7,803	-
TOTALS	<u>\$ 42,624</u>	<u>\$ (13,798)</u>

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date (June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

Year ended June 30:	
Amortization-1 st year	\$ (835)
Amortization-2 nd year	\$ 6,087
Amortization-3 rd year	\$ 2,708
Amortization-4 th year	\$(4,189)

Actuarial assumptions:

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	2.75%
Discount rate used To measure pension liability	7.75%
Salary increases	Vary from 3.0% to 5.5% for Judges
Investment rate of return	7.70%
Actuarial cost method	Entry age normal
Expected remaining service lives	3 years
Cost of Living Adjustment	none

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.

For LASERS, the long-term expected rate of return on the pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.69% for the years ending June 30, 2017.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.24%
Domestic Equity	4.31%
International Equity	5.35%
Domestic Fixed Income	1.73%
International Fixed Income	2.49%
Alternative Investments	7.41%
Global Tactical Asset Allocation	2.84%
Total Fund	5.26%

Rates of return are presented as geometric means for LASERS.

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 participating employers 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 Plans' 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 Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 5 - PENSION PLANS, (Continued)

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

The following presents the proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the 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:

	1% Decrease	Current Discount Rate	1% Increase
LASERS (current rate 7.70%)	\$261,206	\$208,068	\$162,888

Pension plan fiduciary net position:

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

Payables to the pension plans:

At December 31, 2017, there were no amounts due to the pension plans for employer and employee required contributions.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, 225-922-0600.

The current rate was 38.1% and 38.1% of annual covered payroll from January 1, 2017 to June 30, 2017 and July 1, 2017 to December 31, 2017, respectively. The contribution requirements of plan members and the City Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City Court contributions to LASERS for the years ending December 31, 2015, 2016 and 2017 were \$15,222, \$17,576 and \$17,743 respectively, equal to the required contributions for each year.

City Court of Thibodaux, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE 6 - RISK MANAGEMENT

The City Court is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; injuring to employees. The City Court or the City of Thibodaux purchases commercial insurance policies for any and all claims relating to the above types of risks. The City Court or the City of Thibodaux is only liable for the payment of the deductible associated with the above types of risks. Settlements have not exceeded insurance coverage in any of the three preceding years.

***REQUIRED SUPPLEMENTARY
INFORMATION***

CITY COURT OF THIBODAUX, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
Budget Comparison Schedule-General Fund
As of and for the year ended December 31, 2017

	Budgeted		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Court fees, fines and costs	\$ 70,000	\$ 88,000	\$ 93,917	\$ 5,917
Judge's supplemental pay	50,000	45,000	53,796	8,796
Grant from Parish	5,413	5,413	5,413	-
Grant from City	6,000	6,000	-	(6,000)
Grant from State	40,000	45,000	46,360	1,360
Other Fees	-	875	1,114	239
Interest earned	125	130	1,632	1,502
Total revenues	<u>171,538</u>	<u>190,418</u>	<u>202,232</u>	<u>11,814</u>
EXPENDITURES				
General government - judicial:				
Personnel	92,613	73,813	69,691	4,122
FINS Grant	12,000	12,000	12,000	-
Uniforms	1,800	1,750	1,608	142
Supplies	6,000	4,800	3,952	848
Dues	1,500	1,000	952	48
Meetings and conventions	7,000	4,000	3,617	383
Court reporter fees	30,000	28,000	20,400	7,600
Computer Services	12,000	16,000	14,932	1,068
Storage	-	4,500	4,151	349
Repair & Maintenance	-	2,500	2,369	131
Other services and charges	2,300	10,000	8,281	1,719
Total current expenditures	<u>165,213</u>	<u>158,363</u>	<u>141,953</u>	<u>16,410</u>
Capital outlay	<u>40,000</u>	<u>55,000</u>	<u>53,063</u>	<u>1,937</u>
Total expenditures	<u>205,213</u>	<u>213,363</u>	<u>195,016</u>	<u>18,347</u>
Net change in fund balances	<u>(33,675)</u>	<u>(22,945)</u>	<u>7,216</u>	<u>30,161</u>
FUND BALANCES				
Beginning of year	<u>415,000</u>	<u>412,016</u>	<u>412,015</u>	<u>(1)</u>
End of year	<u>\$ 381,325</u>	<u>\$ 389,071</u>	<u>\$ 419,231</u>	<u>\$ 30,160</u>

CITY COURT OF THIBODAUX, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 Budget Comparison Schedule – Marshal Fund
 As of and for the year ended December 31, 2017

	Budgeted	Final (Not		Variance -
	Original	Amended)	Actual	Favorable
	<u>Original</u>	<u>Amended)</u>	<u>Actual</u>	<u>(Unfavorable)</u>
REVENUES				
Court fees, fines and costs	\$ 72,000	\$ 72,000	\$ 77,230	\$ 5,230
Interest earned	350	350	646	296
Total revenues	<u>72,350</u>	<u>72,350</u>	<u>77,876</u>	<u>5,526</u>
EXPENDITURES				
General government - judicial:				
Current:				
Personnel	32,000	32,000	31,653	347
Bank charges	900	900	75	825
Supplies	1,000	1,000	688	312
Dues	900	900	350	550
Mileage	3,000	3,000	2,176	824
Cell Phone	700	700	374	326
Lodging	1,500	1,500	-	1,500
Other services and charges	1,200	1,200	1,429	(229)
Total current expenditures	<u>41,200</u>	<u>41,200</u>	<u>36,745</u>	<u>4,455</u>
Capital outlay	-	-	-	-
Total expenditures	<u>41,200</u>	<u>41,200</u>	<u>36,745</u>	<u>4,455</u>
Net change in fund balances	<u>31,150</u>	<u>31,150</u>	<u>41,131</u>	<u>9,981</u>
FUND BALANCES				
Beginning of year	100,700	100,700	142,119	41,419
End of year	<u>\$ 131,850</u>	<u>\$ 131,850</u>	<u>\$ 183,250</u>	<u>\$ 51,400</u>

CITY COURT OF THIBODAUX
REQUIRED SUPPLEMENTARY INFORMATION
Louisiana State Employees Retirement System (LASERS)

Last Ten Fiscal Years**

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

Measurement Date	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
6/30/2015	12/31/2015	0.00209%	\$ 142,084	\$ 38,005	374%	62.7%
6/30/2016	12/31/2016	0.00283%	\$ 222,070	\$ 45,100	492%	57.7%
6/30/2017	12/31/2017	0.00296%	\$ 208,068	\$ 43,450	479%	62.5%

*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)	# covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
6/30/2015	\$ 15,180	\$ 15,222	\$ (42)	\$ 38,005	40.1%
6/30/2016	\$ 17,576	\$ 17,576	\$ -	\$ 46,174	38.1%
6/30/2017	\$ 17,743	\$ 17,743	\$ -	\$ 43,450	40.8%

*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, 2017.

Changes of Assumptions

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

OTHER INFORMATION

CITY COURT OF THIBODAUX, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
 As of and for the year ended December 31, 2017

AGENCY HEAD: HONORABLE MARK CHIASSON, CITY JUDGE

Purpose	City of Thibodaux	Lafourche Parish	State of Louisiana	City Court of Thibodaux	
Salary	\$ 38,737	\$ 18,000	\$ 42,165	\$ 45,931	\$ 144,833
Benefits - insurance	7,858	-	0	0	7,858
Benefits - retirement	15,127	6,488	5,479	5,282	32,376
Benefits - other (Medicare)	477	261	691	589	2,018
Benefits - other (Workers Compensation)	88	0	0	0	88
Benefits - other (EAP & CBS)	50	0	0	0	50
Benefits - other (Long Term Disability)	136	0	0	0	136
Car allowance	0	0	0	0	0
Vehicle provided by government	0	0	0	0	0
Cell phone	325	0	0	0	325
Dues	0	0	0	0	0
Vehicle rental	0	0	0	0	0
Per diem	0	0	0	708	708
Reimbursements	0	0	0	0	0
Mileage	0	0	0	382	382
Registration fees	0	0	0	575	575
Lodging	0	0	0	1,571	1,571
Continuing professional education fees	0	0	0	0	0
Housing	0	0	0	0	0
Unvouchered expenses	0	0	0	0	0
Special meals	0	0	0	0	0
Other	0	0	0	0	0
	\$ 62,798	\$ 24,749	\$ 48,335	\$ 55,038	\$ 190,920

AGENCY HEAD: HARLEY GROS, CITY MARSHAL

Purpose	City of Thibodaux	Lafourche Parish	State of Louisiana	City Court of Thibodaux	
Salary	\$ 41,893	\$5,619	\$0	\$0	\$ 47,512
Supplemental Pay (Paid by state)	6,000	0	6,000	0	12,000
Supplemental Pay (Civil Fund)	-	0	0	0	-
Supplemental Pay - Garnishment Commissions	40,157	0	0	0	40,157
Benefits - insurance	7,567	0	0	0	7,567
Benefits - retirement	19,086	0	0	0	19,086
Benefits - other (Medicare)	1,140	81	0	0	1,222
Benefits - other (Workers Compensation)	108	0	0	0	108
Benefits - other (EAP & CBS)	50	0	0	0	50
Benefits - other (Long Term Disability)	147	0	0	0	147
Car allowance	0	0	0	0	0
Vehicle provided by government	0	0	0	0	0
Cell phone	419	0	0	374	793
Dues	0	0	0	60	60
Vehicle rental	0	0	0	0	0
Per diem	0	0	0	0	0
Reimbursements	0	0	0	0	0
Travel	0	0	0	0	0
Registration fees	0	0	0	0	0
Conference travel	0	0	0	517	517
Continuing professional education fees	0	0	0	0	0
Housing	0	0	0	0	0
Unvouchered expenses	0	0	0	0	0
Special meals	0	0	0	0	0
Other - Fuel	794	0	0	0	794
	\$ 117,360	\$ 5,700	\$ 6,000	\$ 951	\$ 130,011

EAP - Employee Assistance Program - \$3.50/mth

CBS - Ceridian (Cobra coverage) - \$0.72/mth

* Reimbursed to the City by City Court

This form is used to satisfy the supplemental reporting requirement of R.S. 24:513(A)(3)

REPORTS REQUIRED BY GAO



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

Honorable Mark Chiasson, Judge
Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana

We have audited, 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 and major funds of the City Court of Thibodaux, Louisiana a component unit of the City of Thibodaux, Louisiana as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Thibodaux's basic financial statements and have issued our report thereon dated April 28, 2018.

Internal Control Over Financial Reporting

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

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

To the Honorable Mark Chiasson, Judge
The Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana
Page 2

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

Compliance and Other Matters

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

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not provide an opinion on the effectiveness of the entity's 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.

Stagni & Company

April 28, 2018
Thibodaux, Louisiana



CITY COURT OF THIBODAUX, LOUISIANA
Summary Schedule of Current Year Findings
For the Year Ended December 31, 2017

We have audited the basic financial statements of the City Court of Thibodaux, Louisiana as of and for the year ended December 31, 2017, and have issued our report thereon dated April 28, 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.

Our opinion on the financial statements as of December 31, 2017 was unmodified.

Section I Summary of Auditor's Reports

a. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

Material Weaknesses **No**

Significant Deficiencies **No**

Compliance

Compliance Material to Financial Statements **No**

b. *Federal Awards - NOT APPLICABLE*

Internal Control

Material Weaknesses Yes No

Significant Deficiencies Yes No

Type of Opinion On Compliance Unqualified Qualified

For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with the Uniform Guidance?

Yes No

c. *Identification of Major Programs:* **NOT APPLICABLE**

Section II Financial Statement Findings

NONE

Section III Federal Award Findings and Questioned Costs

NOT APPLICABLE – NO FEDERAL AWARDS RECEIVED.



***CITY COURT OF
THIBODAUX, LOUISIANA***

**Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses**

***As of and for the Year Ending
December 31, 2017***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

City Court of Thibodaux, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2017 – December 31, 2017

To the Honorable Mark Chiasson, Judge
the Honorable Harley Gros, Marshal
City Court of Thibodaux, Louisiana and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City Court of Thibodaux, Louisiana (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 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 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 results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

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

Results: The policies of the City Court address all the applicable functions listed, with the following exceptions.

- The policy for 1(a) Budgeting does not address 1) monitoring.
- The policy for 1(b) Purchasing does not address 1) how vendors are added to the vendor list or 2) the preparation and approval process of purchase requisitions or 3) documentation required to be maintained for all bids and price quotes.
- The policy for 1(d) Receipts does not address 1) recording.
- The policy for 1(f) Contracting does not address 1) standard terms and conditions or 2) legal review or 3) the monitoring process.

Managements Response: The functions not address as listed above are not applicable or not possible with the size of the entity and would not be useful in assessing internal control and compliance in the City Court's operations.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a

formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

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

Results: This procedure is not applicable to City Court.

Bank Reconciliations

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

Results: We obtained a listing of bank accounts from management and management's representation that the listing is 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 five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - 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; and
 - c) If applicable, management has documentation reflecting that it has researched items that have been outstanding for more than 6 months reconciling as of the end of the fiscal period.

Results: We selected all (6) bank accounts and obtained bank statements and reconciliations. All bank reconciliations and statements provided for each month, included written evidence that a member of management reviewed each reconciliation. There were no outstanding checks or deposits for more than 6 months on any of the reconciliations.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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 five 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.

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

Results: There was five (5) collection locations for testing. Each person responsible for collecting cash is bonded. Duties were segregated per the policy. The person responsible for collecting cash was not responsible for reconciling cash collections to the general ledger. The City Court has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. One out of 13 deposits tested was not deposited the same or next day. All of the deposits tested had supporting documentation.

Managements Response: The deposit was for a restitution payment and although not deposited the next day it was made according to the written policy on receipts and collections.

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

Results: The City Court has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

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

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.

Results: We obtained from management a disbursement listing and management's representation that the listing is complete.

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

- 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.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We obtained supporting documentation for 25 disbursements. The criteria in steps 9(a), 9(b) and 9(c) were met for all 25 disbursements tested.

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.

Results: The persons responsible for processing payments are prohibited from adding vendors to the City Court's disbursement system. Vendors are added by the City of Thibodaux.

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.

Results: The persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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.

Results: Check stock for the City Court and the Marshal are located in different locations. The blank checks for the Marshal are kept in a locked location. The City Court blank checks are not.
Managements Response: A safe has been ordered for the City Court check stock.

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.

Results: No exceptions were identified as a result of these procedures.

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

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

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

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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: For the 2 cards selected the monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder. No finance charges or late fees were assessed on the selected statements.

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

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

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

Results: Procedure 16(a) –For the two credit cards selected for testing, both were supported by itemized receipts and documentation of the business/public purpose of each individual charge. Procedures 16(b) and 16(c) - No exceptions were identified as a result of these procedures.

Travel and Expense Reimbursement

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.

Results: We obtained the listing of all travel and related expense reimbursements from the detail general ledger and we obtained management's representation that the list 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) and report any amounts that exceed GSA rates.

Results: We obtained the written policies related to travel and expense reimbursement. No amounts that exceed GSA rates were noted.

19. Using the listing or general ledger from #17 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 GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were identified as a result of these procedures.

Contracts

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

Results: We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing is complete.

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.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- 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.

- 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.
- 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).

Results: For the 3 contracts selected, a formal written contract supports the arrangement and the amounts paid. None of the contracts selected was subject to public bid law. For the largest payment from each of the contracts selected for testing, the supporting invoice and related payment complied with the terms and conditions of the contract. Each of the contracts selected for testing was properly approved according to policy and the approved.

Payroll and Personnel

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.
 - 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.

Results: We obtained a listing of employees with their related salaries, and we obtained management's representation that the listing is complete. For the two (2) employees selected, payments were made in strict accordance with the terms and conditions of the pay rate structure. No changes were made during the fiscal period for the five employees selected.

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).
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: This procedure is not applicable.

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.

Results: Vacation and sick leave do not accumulate; therefore this procedure is not applicable.

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.

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. 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.

Ethics (excluding nonprofits)

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

Results: All of the employees selected, had documentation to demonstrate that required ethics training was completed.

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.

Results: We inquired of management whether any alleged ethics violations were reported during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

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

Results: The City Court has no outstanding debt, therefore this procedure is not applicable.

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.

Results: The City Court has no outstanding debt, therefore this procedure is not applicable.

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.

Results: The City Court has no outstanding debt, therefore this procedure is not applicable.

Other

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 City Court attorney of the parish in which the entity is domiciled.

Results: We inquired of management whether the City Court had any misappropriations of public funds or assets. Management reported there have not been 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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: The City Court does not have a website, however it is posted on the City of Thibodaux website. We observed that the City Court has posted on its premises the notice required by R.S. 24:523.1.

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

Results: No exceptions were identified as a result of these procedures.

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

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

Stagni & Company

Houma, LA
April 28, 2018