

**CITY COURT OF BASTROP  
BASTROP, LOUISIANA**

**JUNE 30, 2017**

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## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Bastrop, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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



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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the City Court of Bastrop as of June 30, 2017, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules on pages 5-10, 32, and 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bastrop's basic financial statements. The schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 34 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the Bastrop City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bastrop City Court's internal control over financial reporting and compliance.

*Oestriecher & Company*

OESTRIECHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

December 15, 2017

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the City Court of Bastrop's (hereafter referred to as the Court) annual financial report presents our discussion and analysis of the Court's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the Court's financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The Court's net position for the prior year ended June 30, 2016 was (\$39,892). The net position for the year ended June 30, 2017 is (\$56,145).

The Court's total program revenues for the prior year ended June 30, 2016 were \$155,247. The Court's total program revenues for the current year ended June 30, 2017 are \$153,751.

Total expensed expenditures/expenses for the prior year ended June 20, 2016 were \$152,682. Total expensed expenditures/expenses for the current year ending June 30, 2017 are \$170,617.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Basic Financial Statements**

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

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside of the Court. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Court's own programs. The accrual basis of accounting is used for fiduciary funds.

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

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

### **Required Supplementary Information**

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

## **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

### *Net Position*

Net position may serve over time as a useful indicator of an entity's ability to maintain operations. The Court's net position for the prior year ended June 30, 2016 was (\$39,892). The Court's net position for the current year ended June 30, 2017 is (\$56,145).

The largest portion of the Court's net assets is cash, totaling \$152,581.

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

	<u>2017</u>	<u>2016</u>
Current assets	\$ 156,901	\$ 160,633
Fixed assets	43,276	51,643
Current liabilities	1,138	2,759
Net investment in capital assets	43,276	51,643
Unrestricted net position	(131,452)	(124,878)
Restricted net position	<u>32,031</u>	<u>33,343</u>
Total net position	<u>\$ (56,145)</u>	<u>\$ (39,892)</u>

### *Capital Assets*

Bastrop City Court incurred no capital expenditures for the year ended June 30, 2017.

### *Deferred outflows and inflows of resources*

The Court adopted GASB 68 as of June 30, 2015, which required the Court to recognize its proportionate share of the pension obligation of the Louisiana State Employees Retirement System. The implementation caused the Court to recognize deferred outflows of resources in the amount of \$77,777 and deferred inflows of resources in the amount of \$7,787 as of June 30, 2017.

### *Change in Net Position*

The Court's net position decreased by \$16,253 during the year ended June 30, 2017 compared to an increase of \$3,740 for the year ended June 30, 2016.

The following is summary information from the Statement of Activities:

	<u>2017</u>	<u>2016</u>
Revenues:		
Charges for services	\$ 153,751	\$ 155,247
Other	<u>613</u>	<u>1,175</u>
Total revenues	154,364	156,422
Total expenses	<u>170,617</u>	<u>152,682</u>
Increase (decrease) in net position	(16,253)	3,740
Net position, beginning of year	<u>(39,892)</u>	<u>(43,632)</u>
Net position, end of year	<u>\$ (56,145)</u>	<u>\$ (39,892)</u>

### **FINANCIAL ANALYSIS OF THE COURT'S INDIVIDUAL FUNDS**

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

#### ***Governmental Funds***

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

As of the end of the current year, the Court's governmental funds reported a combined ending fund balance of \$155,763 a decrease of \$2,111 compared to the prior year.

The General Fund is the chief operating fund of the court. Unassigned fund balance was \$123,732 at the end of the current fiscal year a decrease of \$799 from the prior year. The decrease is due to a decline in court activity combined with a slight increase in spending.

The Judicial Building Fund is used to account for the accumulation of reserves for facility expense. Restricted fund balance was \$32,031 at the end of the current fiscal year, a decrease of \$1,312. The Judicial Building Fund received the statutory amounts from adjudicated civil and criminal cases, but had no major capital expenditures for the year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The actual expenditures were \$696 less than the final budget amounts for the general fund. The variance is not considered unusual and there were no significant fluctuations in any line items of the budget.

Revenues available for expenditure were \$2,810 more than the final budgeted amounts for the general fund.

## **CONTACTING THE CITY COURTS FINANCIAL MANAGEMENT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City Court of Bastrop  
Statement of Net Position  
June 30, 2017**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash	\$ 152,581	\$ -	\$ 152,581
Due from fiduciary fund	4,320	-	4,320
Capital assets, net of accumulated depreciation	43,276	-	43,276
<b>Total assets</b>	<b>200,177</b>	<b>-</b>	<b>200,177</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>77,777</b>	<b>-</b>	<b>77,777</b>
<b><u>Liabilities</u></b>			
<b>Current liabilities</b>			
Accounts payable	15	-	15
Due to fiduciary fund	910	-	910
Other liabilities	213	-	213
<b>Total current liabilities</b>	<b>1,138</b>	<b>-</b>	<b>1,138</b>
<b>Long term liabilities</b>			
Pension liability	325,174	-	325,174
<b>Total liabilities</b>	<b>326,312</b>	<b>-</b>	<b>326,312</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>7,787</b>	<b>-</b>	<b>7,787</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	43,276	-	43,276
Unrestricted net position	(131,452)	-	(131,452)
Restricted net position	32,031	-	32,031
<b>Total net position</b>	<b>\$ (56,145)</b>	<b>\$ -</b>	<b>\$ (56,145)</b>

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

**City Court of Bastrop  
Statement of Activities  
For The Year Ended June 30, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>GOVERNMENTAL ACTIVITIES</b>							
<b>Primary Government</b>							
Governmental activities							
General fund	\$ 147,184	\$ 140,031	\$ -	\$ -	\$ (7,153)	\$ -	\$ (7,153)
Building Fund	23,433	13,720	-	-	(9,713)	-	(9,713)
Total governmental activities	<u>170,617</u>	<u>153,751</u>	<u>-</u>	<u>-</u>	<u>(16,866)</u>	<u>-</u>	<u>(16,866)</u>
 Total primary government	<u>\$ 170,617</u>	<u>\$ 153,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,866)</u>	<u>\$ -</u>	<u>\$ (16,866)</u>
 General revenues:							
					613		
					-		
					<u>613</u>		
					<u>\$ (16,253)</u>		
					<u>(39,892)</u>		
					<u>\$ (56,145)</u>		

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

**FUND FINANCIAL STATEMENTS**

**Balance Sheet  
Governmental Funds  
City Court of Bastrop  
June 30, 2017**

	<u>General</u>	<u>Judicial Building Fund</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>			
Cash	\$ 118,821	\$ 33,761	\$ 152,582
Due from other funds	6,050	-	6,050
<b>Total assets</b>	<b>\$ 124,871</b>	<b>\$ 33,761</b>	<b>\$ 158,632</b>
 <b><u>Liabilities and fund balance</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 15	\$ -	\$ 15
Payroll taxes payable	214	-	214
Due to other funds	910	1,730	2,640
<b>Total liabilities</b>	<b>1,139</b>	<b>1,730</b>	<b>2,869</b>
<b>Fund balance:</b>			
Restricted	-	32,031	32,031
Unassigned	123,732	-	123,732
<b>Total fund balances</b>	<b>123,732</b>	<b>32,031</b>	<b>155,763</b>
<b>Total liabilities and fund balances</b>	<b>\$ 124,871</b>	<b>\$ 33,761</b>	<b>\$ 158,632</b>

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

**Reconciliation of the Balance Sheet  
of Governmental Funds  
to the Statement of Net Position  
June 30, 2017**

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Total fund balance-total governmental funds	\$ 155,763
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets of \$246,512 net of accumulated depreciation of (\$203,236), are not financial resources and, therefore, are not reported in the funds.	\$ 43,276
Pension liability not reported in the fund financial statements	(325,174)
The deferred outflows of expenditures for the Court's pension obligation are not a use of current resources, and therefore, are not reported in the fund financial statements	77,777
The deferred inflows of contributions for the Court's pension obligation are not available resources, and therefore, are not reported in the fund financial statements	<u>(7,787)</u>
	<u>(211,908)</u>
Net position of governmental activities	<u>\$ (56,145)</u>

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

**Statement of Revenues, Expenditures, and Changes  
in Fund Balances-Governmental Funds  
City Court of Bastrop  
For the year ended June 30, 2017**

	<b>General Fund</b>	<b>Building Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Article income	\$ 20,900	\$ -	\$ 20,900
Court costs	71,529	13,720	85,249
Diversion income	19,270	-	19,270
Probation income	17,965	-	17,965
Other revenue	10,367	-	10,367
Interest	579	34	613
<b>Total revenues</b>	<u>140,610</u>	<u>13,754</u>	<u>154,364</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General Fund	141,409	-	141,409
Building Fund	-	15,066	15,066
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>141,409</u>	<u>15,066</u>	<u>156,475</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(799)	(1,312)	(2,111)
<b>Other financing sources (uses)</b>			
Transfers (to) from other funds	-	-	-
<b>Fund balances, beginning</b>	124,531	33,343	157,874
<b>Fund balances, ended</b>	<u>\$ 123,732</u>	<u>\$ 32,031</u>	<u>\$ 155,763</u>

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

**Reconciliation of the Statement of  
Revenues, Expenditures, and Changes in Fund Balance  
to the Statement of Activities  
For the year ended June 30, 2017**

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Net changes in fund balances-total governmental funds		\$ (2,111)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital expenditures	\$ -	
Depreciation expense	<u>(8,367)</u>	(8,367)
Differences between the amounts reported as an expense in the statement of activities and those reported as an expense in the fund financial statements		
Pension expense		<u>(5,775)</u>
Change in net assets of governmental activities		<u>\$ (16,253)</u>

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

**Statement of Fiduciary Net Assets-Fiduciary Fund**  
**City Court of Bastrop**  
**June 30, 2017**

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	<b><u>Agency Funds</u></b>
<b><u>Assets</u></b>	
Cash	\$ 364,558
Investments, at cost	61,492
Due from other funds	<u>910</u>
<b>Total assets</b>	<b><u><u>\$ 426,960</u></u></b>
<b><u>Liabilities</u></b>	
Bonds and fines held for future disposition	\$ 422,640
Due to general fund	<u>4,320</u>
<b>Total liabilities</b>	<b><u><u>\$ 426,960</u></u></b>

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

**NOTES TO FINANCIAL STATEMENTS**

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

**June 30, 2017**

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

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

*Government-wide Financial Statements*

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

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

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

*Fund Financial Statements*

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

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

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

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

**June 30, 2017**

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

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

*Governmental Funds –*

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

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

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

*Fiduciary Funds –*

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

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

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

**June 30, 2017**

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

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

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

**Basis of Accounting**

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

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

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

**June 30, 2017**

**Fund Balances – Fund Financial Statements**

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

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

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Deferred Outflows of Resources and Deferred Inflows of Resources**

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

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

**June 30, 2017**

**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' Retirements System, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

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

**2. CASH AND INVESTMENTS:**

Cash balances are insured to Federal Depository Insurance Corporation limits of \$250,000.

As of June 30, 2017, the City Court of Bastrop has a certificate of deposit in the amount of \$61,492. The certificate bears interest at a rate of 0.946%, has an original maturity of 48 months and matures on April 15, 2018. Any penalties for early withdrawal would not have a material effect on the financial statements.

**3. COURT COSTS PAYABLE:**

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

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

**June 30, 2017**

**4. CAPITAL ASSETS:**

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

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

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

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/17</u>
Office equipment	\$ 246,512	\$ -0-	\$ -0-	\$ 246,512
Accumulated Depreciation	<u>(194,869)</u>	<u>(8,367)</u>	<u>-0-</u>	<u>(203,236)</u>
Capital assets, net	<u>\$ 51,643</u>			<u>\$ 43,276</u>

**5. COMPENSATED ABSENCES:**

The City Court of Bastrop's obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of June 30, 2017, and thus, is not recognized in the accompanying financial statements.

**6. ECONOMIC DEPENDENCY:**

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

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

**June 30, 2017**

**7. PENSION PLAN**

The employees of the Bastrop City Court are provided with benefits through the Louisiana State Employees' Retirements System (LASERS), a multi-employer cost sharing plan. The Court had five employees during the year ended June 30, 2017, one of which was eligible for participation in the Plan. The Plan was established under the provisions of LA R.S. 11:401 for eligible state officers, employees, and their beneficiaries.

***General Information about the Plan***

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

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

The basic annual retirement benefit is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is the member's average annual compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired after July 1, 2006, average compensation is based on the average annual compensation for the highest 60 consecutive months of service. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the

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

**June 30, 2017**

investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

The agency's contractually required composite contribution rate for the year ended June 30, 2017 was 38.0% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$28,184 for the year ended June 30, 2017.

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

As of June 30, 2017 the Court reported a total of \$325,174 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Court's proportion share of the plan was .004141% for 2016 and .003960% for 2015.

The Court recognized pension expense in the statement of activities in the amount of \$33,959 for the year ended June 30, 2017.

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

	<b>Deferred outflows of resources</b>	<b>Deferred inflows of resources</b>
Changes in proportion	\$ 8,904	\$ 3,601
Changes in proportionate contributions	-0-	1,170
Differences between expected and actual experience	188	3,016
Net difference between projected and actual earnings	40,501	-0-
Court contributions subsequent to the measurement date	<u>28,184</u>	<u>-0-</u>
<b>Total</b>	<b><u>\$ 77,777</u></b>	<b><u>\$ 7,787</u></b>

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

**June 30, 2017**

The deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017 in the amount of \$28,184. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30**

2017	\$ 6,766
2018	9,638
2019	15,740
2020	9,662

***Actuarial Assumptions***

Inflation	3.00%
Salary increases	3.00% to 4.00%
Investment rate of return	7.75%
Actuarial Cost Method	Entry Age Normal
Expected remaining service lives	3 years

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

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

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

**June 30, 2017**

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

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

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 339,507	\$ 325,174	\$ 262,015

*Pension plan fiduciary net position:*

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

**REQUIRED SUPPLEMENTARY INFORMATION PART- II**

**BUDGETARY COMPARISON**

**PENSION INFORMATION**

**Budgetary Comparison Schedule  
All Governmental Fund Types  
City Court of Bastrop  
For the year ended June 30, 2017**

	GENERAL FUND				SPECIAL REVENUE FUNDS			
	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>								
Cert Mail Fees	\$ 1,300	\$ 1,200	\$ 1,171	\$ (29)	\$ -	\$ -	\$ -	\$ -
Scanning Fees	3,500	3,400	3,388	(12)	-	-	-	-
Art Income	14,500	20,900	20,900	-	-	-	-	-
BCC - Court Cost	98,000	71,500	71,529	29	-	-	-	-
Bond Forfeiture Income	-	3,100	3,100	-	-	-	-	-
Deposit	-	2,200	2,244	44	-	-	-	-
Diversion Income	8,700	19,300	19,270	(30)	-	-	-	-
Department of Public Safety	3,100	(1,800)	464	2,264	-	-	-	-
JBF Civil	-	-	-	-	7,100	6,600	6,610	10
JBF Criminal	-	-	-	-	9,100	7,100	7,110	10
Probation Income	13,500	18,000	17,965	(35)	-	-	-	-
Interest	-	-	579	579	30	-	34	34
<b>Total revenues</b>	<b>142,600</b>	<b>137,800</b>	<b>140,610</b>	<b>2,810</b>	<b>16,230</b>	<b>13,700</b>	<b>13,754</b>	<b>54</b>
<b>Expenditures:</b>								
Accounting	600	600	594	6	-	-	-	-
Ad hoc fees	1,700	2,300	2,289	11	-	-	-	-
Audit fees	12,000	13,800	13,800	-	-	-	-	-
Bank Supplies	90	-	584	(584)	-	-	-	-
Computer expenses	5,500	2,700	2,660	40	2,300	3,100	3,096	4
Computer maintenance	-	-	-	-	-	-	-	-
Computers	-	-	-	-	-	-	-	-
Conferences and seminars	11,300	12,800	12,774	26	-	-	-	-
Copier	1,100	-	-	-	1,100	1,900	1,927	(27)
Court reporter	800	700	675	25	-	-	-	-
Dues	1,300	700	680	20	-	-	-	-
Image	200	-	-	-	9,300	8,600	7,920	680
Judicial Building Fund	-	-	-	-	-	500	-	500
Retirement	30,400	31,600	31,597	3	-	-	-	-
Law library	14,000	15,000	14,971	29	-	-	-	-
Mileage	200	180	179	1	-	-	-	-
Miscellaneous	400	225	2,480	(2,255)	-	-	8	(8)
Office cleaning	2,200	1,300	-	1,300	-	-	-	-
Office expense	3,500	4,200	1,321	2,879	200	1,600	-	1,600
Payroll Expenses	45,000	50,600	47,151	3,449	-	-	-	-
Penalties & Interest	100	-	-	-	-	-	-	-
Per Diem	1,500	-	-	-	-	-	-	-
Per Judge	1,800	1,700	1,728	(28)	-	-	-	-
Police Witness	3,000	-	-	-	-	-	-	-
Postage	2,500	3,000	3,000	-	-	-	-	-
Postal meter	1,700	700	722	(22)	-	-	-	-
Reimbursement	-	-	-	-	-	-	-	-
Repairs and Maintenance	100	-	-	-	600	-	2,115	(2,115)
Supplies	-	-	4,204	(4,204)	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>140,990</b>	<b>142,105</b>	<b>141,409</b>	<b>696</b>	<b>13,500</b>	<b>15,700</b>	<b>15,066</b>	<b>634</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,610</b>	<b>(4,305)</b>	<b>(799)</b>	<b>3,506</b>	<b>2,730</b>	<b>(2,000)</b>	<b>(1,312)</b>	<b>688</b>
<b>Other financing sources (uses)</b>								
Transfers	-	-	-	-	-	-	-	-
<b>Fund balances, beginning</b>	<b>124,531</b>	<b>124,531</b>	<b>124,531</b>	<b>-</b>	<b>33,343</b>	<b>33,343</b>	<b>33,343</b>	<b>-</b>
<b>Fund balances, ending</b>	<b>\$ 126,141</b>	<b>\$ 120,226</b>	<b>\$ 123,732</b>	<b>\$ 3,506</b>	<b>\$ 36,073</b>	<b>\$ 31,343</b>	<b>\$ 32,031</b>	<b>\$ 688</b>

**City Court of Bastrop**  
**Schedules of Required Supplementary Information - Pension**  
**For the year ended June 30, 2017**

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

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2017	0.41410%	\$ 325,174	\$ 74,168	438%	57.7%
2016	0.39580%	\$ 269,204	\$ 74,563	361%	62.7%
2015	0.41088%	\$ 256,931	\$ 73,226	351%	65.0%

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

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

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**Schedule of Employer Contributions** **Schedule 2**

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

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

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

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**Notes to Required Supplementary Information**

***Changes of Benefit Terms***

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

***Changes of Assumptions***

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

**Bastrop City Court**  
**Schedule of Compensation, Benefits and Other Payments**  
**To Agency Head or Chief Executive Officer**  
**For the year ended June 30, 2017**

**Agency Head** Honorable Judge Philip Lester

Salary	\$ 74,168
Retirement	28,183
Conference meals	455
Conference registration	975
Conference lodging	2,200
Conference mileage	<u>479</u>
 Total	 <u>\$ 106,460</u>



# OESTRIECHER & COMPANY

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DALE P. DeSELLE, CPA

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City Court of Bastrop, as of and for the year ended June 30, 2017, and have issued our report thereon dated December 15, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current and prior year findings, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.



*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of current and prior year findings to be a material weakness listed as item number 2017-001.

### Compliance

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

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

This report is intended solely for the information of management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

### *Oestriecher & Company*

OESTRIECHER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

December 15, 2017

**City Court of Bastrop**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

***Section I-Summary of Auditor's Reports***

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

***Section II - Financial Statement Finding***

**Finding 2017-001**

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

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

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

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

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

**Questioned costs** – None

*Section III – Federal Awards Findings and Questioned Costs*

There were no federal awards.

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

**June 30, 2017**

**MANAGEMENT'S CORRECTIVE ACTION PLAN**

City Court of Bastrop respectfully submits the following corrective action plan for the year ended June 30, 2017.

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

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

Audit period: July 1, 2016 through June 30, 2017.

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

**FINDING-FINANCIAL STATEMENT AUDIT**

**FINDING NO. 2017-001:**

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

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

**City Court of Bastrop**  
**Summary Schedule of Prior Audit Findings**  
**For the year ended June 30, 2016**

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

**Finding No 2016-001**

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

**Finding No 2016-002**

This condition is resolved.

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

There were no federal awards in the year ended June 30, 2016.

*Section III – Federal Awards Findings and Questioned Costs*

There were no federal awards in the year ended June 30, 2016.



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

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

We have performed the procedures enumerated below, which were agreed to by the City Court of Bastrop and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The City Court of Bastrop's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget

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

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

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



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

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

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

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

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

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

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

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

- g. *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*Finding:* Bastrop City Court's written policies related to how cards are to be controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage include steps to address all of these areas.

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

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

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

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

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

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

### **Bank Reconciliation**

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

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

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

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

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

**Finding:** There was no month with evidence that a member of management, with no involvement in the transactions associated with the bank account, has reviewed and approved all bank reconciliations for every bank account's monthly statements. However, the Bastrop City Court policy is that the judge reviews the bank reconciliation each month. The judge stated he performed this task monthly but did not document the review.

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

**Finding:** All items outstanding for more than 6 months have been researched and the payee notified via fax.

### **Collections**

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

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

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

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

**Findings:** Employee responsible for collecting cash do not deposit cash, record cash transactions, or reconcile the bank accounts. Employees responsible for handling cash are bonded. Employees do share a cash drawer which is unavoidable due to the limitations of the software used to account for collections.

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

**Findings:** Tina Wallace collects reconciles the cash accounts and agrees to the general ledger. She is not responsible for cash collections.

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

*Findings:* All deposits were made within one day of collection.

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

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

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

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

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

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

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

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

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

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

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

**Findings:** There were no written signatures showing approval. However, the clerk stamps invoices with "Received [Date] Bastrop City Court". The clerk of court can initiate purchases up to \$250.00 without prior approval.

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

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

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

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

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

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

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

**Findings:** All blank checks are in a locked filing cabinet.

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

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

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

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

*Findings:* Bastrop City Court has 3 authorized credit card users

Beth Freeman	Card # 4108
Phillip Lester	Card # 4014
Tina Wallace	Card # 6279

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

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

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

*Findings:* The highest month of credit card charges for Beth Freeman and Phillip Lester were reviewed and approved by Tina Wallace. The "Received [Date] Bastrop City Court" is stamped by the clerk of court (Tina) when they receive invoices and statements. Tina's highest month of credit card charges was not reviewed by someone other than the authorized card holder.

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

*Findings:* There were no finance charges or late fees to document and report.

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

- a. For each transaction, report whether the transaction is supported by
  - i. An original itemized receipt (i.e., identifies precisely what was purchased)
  - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Findings:* All transactions were supported by a receipt.

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

*Findings:* There were no purchases large enough to qualify for the Louisiana Public Bid Law. These purchases appear to be in compliance with the City Court of Bastrop's written purchasing policy.

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

*Findings:* There were no exceptions to report.

### *Travel and Expense Reimbursement*

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

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

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

**Findings:** The City Court of Bastrop's written policies set per diem rates at the rate set by the Louisiana Supreme Court. The Louisiana Supreme Court refers to the IRS federal mileage rate. The GSA and IRS both set mileage rates at 53.5 cents per mile. The City Court of Bastrop's travel and expense reimbursement policies are in agreement with the GSA.

18. Using the listing or general ledger from #16 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
  - a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the PPM 49 rates (#17 above) and report each reimbursement that exceeded those rates.

**Findings:** The mileage reimbursement for Tina, Phillip, and Katherine's trip to the Florida conference "Nuts & Bolts Seminar" exceeds the rates established by GSA. The GSA sets per diem rates at \$91 per day for June 2017. The City Court of Bastrop reimbursed Tina, Phillip, and Katherine \$118 per day for meal allowance. This appears to be an amount in excess of the GSA rates, but within the Louisiana Supreme Court guidelines.

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

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

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

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

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

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

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

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

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

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

### Contracts

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

**Findings:** The following contracts were in effect during the City Court of Bastrop's 2016 – 2017 fiscal period

1. Pitney Bowes
2. Kyrocera
3. Thomson Reuters

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

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

**Findings:** The City Court of Bastrop has written contracts supporting the services provided by Pitney Bowes and Thompson Reuters and amounts paid to them for these services.

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

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

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

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

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

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

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

**Findings:** Not Applicable

## **Payroll and Personnel**

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

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

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

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

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

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

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

**Findings:** All selected employees/officials documented their daily attendance and leave. There were no exceptions to report.

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

**Findings:** There is written documentation of the supervisor's approval, and there are no exceptions to report.

- 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.

**Findings:** There is written documentation that the entity maintained written leave records showing hours earned, hours used, and hours available.

23. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the

termination payments were made in strict accordance with policy and/or contract and approved by management.

*Findings:* No Bastrop City Court employees were terminated during the fiscal period, and this is not applicable.

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

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

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

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

*Findings:* Sheila Hundley, Becky Rabun, Kathie Walker, and Tina Wallace all had ethics training certifications from the Louisiana Board of Ethics dated February 22, 2017.

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

*Findings:* Management has received reports of alleged ethics violations. Management investigated and addressed the allegations in accordance with policy.

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

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

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

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

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

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

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

### **Other**

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

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

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

*Findings:* Bastrop City Court has the notice posted at its physical address but is not posted on the website.

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

*Findings:* There are no exceptions to report.

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

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

*Oestriecker & Company*

OESTRIECKER & COMPANY  
Certified Public Accountants  
Alexandria, Louisiana

December 15, 2017