

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Annual Financial Report and Independent Auditors' Report

Year Ended June 30, 2019

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CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis

Within this section of the City Court of Sulphur in and for Ward Four (City Court) annual financial report, the City Court's management is pleased to provide this narrative discussion and analysis of the financial activities of the City Court for the fiscal year ended June 30, 2019. The City Court's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The City Court's assets exceeded its liabilities by \$981,975 (net position) for the fiscal year reported.
- Total revenues of \$747,347 were in excess of total expenses of \$696,375 which resulted in a current year profit of \$50,972, compared to a prior year profit of \$1,841.
- Total net position are comprised of the following:
 - (1) Net investment in capital assets, of \$22,228 include equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net position of \$1,208,416.
 - (3) Unrestricted net position of \$(248,669) represent the portion available to maintain the City Court's continuing obligations to creditors.
- Overall, the City Court continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the City Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City Court also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the City Court's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City Court as a whole is improving or deteriorating. Evaluation of the overall health of the City Court would extend to other nonfinancial factors such as diversification of the revenue base, or the condition of City Court infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the City Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the City Court's distinct activities or functions on revenues provided.

Both government-wide financial statements distinguish governmental activities of the City Court that are principally supported by other revenues and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City Court's most significant funds rather than the City Court as a whole.

The City Court has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City Court's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the City Court's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund and the special revenue fund. This schedule demonstrates compliance with the City Court's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE CITY COURT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City Court as a whole.

The City Court's net position at fiscal year-end is \$981,975. The following table provides a summary of the City Court's net position:

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets	\$ 1,256,040	\$ 1,190,435
Capital assets, net	<u>22,228</u>	<u>28,902</u>
Total assets	1,278,268	1,219,337
DEFERRED OUTFLOWS OF RESOURCES	<u>92,821</u>	<u>91,916</u>
Liabilities:		
Current liabilities	17,902	22,410
Net pension liability	<u>362,657</u>	<u>345,043</u>
	380,559	367,453
DEFERRED INFLOWS OF RESOURCES	<u>8,555</u>	<u>8,297</u>

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

	<u>2019</u>	<u>2018</u>
Net position:		
Net investment in capital assets	\$ 22,228	\$ 28,902
Restricted	1,208,416	1,172,097
Unrestricted	<u>(248,669)</u>	<u>(269,996)</u>
Total net position	<u>\$ 981,975</u>	<u>\$ 931,003</u>

The City Court continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 70 to 1 (53 to 1 for 2018). Net position increased by \$50,972 for the current year. Note that approximately 2% (3% for 2018) of the net position is tied up in capital. The City Court uses these capital assets to provide services to its recipients.

The following table provides a summary of the City Court's changes in net position:

	<u>2019</u>	<u>2018</u>
Revenues	\$ 747,347	\$ 723,537
Expenses	<u>696,375</u>	<u>721,696</u>
Change in Net Position	50,972	1,841
Beginning Net Position	931,003	952,409
Prior Period Adjustment	<u>-</u>	<u>(23,247)</u>
Beginning Net Position-Restated	<u>931,003</u>	<u>929,162</u>
Ending Net Position	<u>\$ 981,975</u>	<u>\$ 931,003</u>

BUDGETARY HIGHLIGHTS

The General Fund – The actual revenues were less than the final budget by \$20,486 or 4% mainly due to intergovernmental (on-behalf payments), and the final actual expenditures were less than the budgeted expenditures by \$46,604 or 9%, mainly due to salaries (on-behalf payments).

The Special Revenue Fund – The actual revenues were more than the final budget by \$55,333 or 28%, due to court costs and fines, and the actual expenditures were more than the final budget by \$30,438 or 17%, mainly due to civil fees and court cost refunds.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City Court's investment in capital assets, net of accumulated depreciation as of June 30, 2019, was \$22,228. See Note B for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2019</u>	<u>2018</u>
Non-depreciable assets:		
Land	\$ <u> -</u>	\$ <u> -</u>
Depreciable assets:		
Equipment	233,997	242,490
Less accumulated depreciation	<u>211,769</u>	<u>213,588</u>
Book value-depreciable assets	<u>\$ 22,228</u>	<u>\$ 28,902</u>
Percentage depreciated	<u>91</u> %	<u>88</u> %
Book value-all assets	<u>\$ 22,228</u>	<u>\$ 28,902</u>

The major addition for the year was a backup server.

Long-term debt

At the end of the fiscal year, the City Court had no debt.

ECONOMIC CONDITIONS AFFECTING THE CITY COURT

Since the primary revenue stream for the City Court is court costs, the City Court's revenues are subject to changes in the court system.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City Court's finances, comply with finance-related laws and regulations, and demonstrate the City Court's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the City Court's Clerk, Carol Ann Forth, 802 S. Huntington Street, Sulphur, LA 70663.

INDEPENDENT AUDITORS' REPORT

October 2, 2019

Honorable Charles Schrupf, Judge
City Court of Sulphur in and for Ward Four
Sulphur, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana, a component unit of the City of Sulphur, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 *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 auditors' 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana as of June 30, 2019, 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, the budgetary comparison, schedules and the pension schedules on pages 3 through 7, and pages 39 through 40, and pages 41 through 42 be presented to supplement the financial statements. Such information, although not a part of the 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 operation, 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 an opinion on the financial statements that collectively comprise the City Court's basic financial statements. The Schedule of General Government Expenditures and the Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The

City Court of Sulphur in and for Ward Four
October 2, 2019
Page Three

Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer is the responsibility of management and was derived from and relate 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 schedules are 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 October 2, 2019, on our consideration of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana'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 the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Sulphur in and for Ward Four's internal control over financial reporting and compliance.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Net Position

June 30, 2019

ASSETS	
Cash	\$ 135,852
Restricted Cash	1,119,412
Accounts Receivable	776
Capital assets, net	22,228
Total assets	<u>1,278,268</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>92,821</u>
LIABILITIES	
Accounts and other accrued payables	17,902
Net pension liability	362,657
Total liabilities	<u>380,559</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>8,555</u>
NET POSITION	
Net investment in capital assets	22,228
Restricted	1,208,416
Unrestricted	(248,669)
Total net position	<u>\$ 981,975</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Activities

Year Ended June 30, 2019

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Operating Grants</u> <u>Services and Contributions</u>	<u>Net Revenues (Expenses) and</u> <u>Changes in Net Position</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities:			
General government	\$ 696,375	\$ 743,750	\$ 47,375
		-	
			<u>3,597</u>
			<u>3,597</u>
			<u>50,972</u>
			<u>931,003</u>
			<u>\$ 981,975</u>

General Revenues:

Interest

Total General Revenues

Change in Net Position

Net Position, beginning

Net Position, ending

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Balance Sheet - Governmental Fund

June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 47,624	\$ 88,228	\$ 135,852
Due from other funds	-	776	776
Restricted assets:			
Cash	1,119,412	-	1,119,412
Total Assets	<u>1,167,036</u>	<u>89,004</u>	<u>1,256,040</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
	<u>\$ 1,167,036</u>	<u>\$ 89,004</u>	<u>\$ 1,256,040</u>
LIABILITIES			
Accounts payable	\$ 17,126	\$ -	\$ 17,126
Due to other funds	776	-	776
Total Liabilities	<u>17,902</u>	<u>-</u>	<u>17,902</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Restricted	1,119,412	89,004	1,208,416
Unassigned	29,722	-	29,722
	<u>1,149,134</u>	<u>89,004</u>	<u>1,238,138</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
	<u>\$ 1,167,036</u>	<u>\$ 89,004</u>	<u>\$ 1,256,040</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Position

June 30, 2019

Total fund equity of governmental activities at June 30			\$ 1,238,138
Total net position reported for governmental activities in the statement of net position is different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Capital assets, net of \$211,769 accumulated depreciation			22,228
Deferred outflow and inflows are not financial resources or currently payable:			
Deferred outflows	\$	92,821	
Deferred inflows		<u>(8,555)</u>	84,266
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:			
Net pension liability			<u>(362,657)</u>
Total net position of governmental activities at June 30			<u><u>\$ 981,975</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund

Year Ended June 30, 2019

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
REVENUES			
Court costs and fines	195,903	255,303	\$ 451,206
Intergovernmental	292,544	-	292,544
Interest income	3,567	30	3,597
TOTAL REVENUES	492,014	255,333	747,347
EXPENDITURES			
General Government	451,421	214,638	666,059
Capital Outlay	6,675	-	6,675
TOTAL EXPENDITURES	458,096	214,638	672,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	33,918	40,695	74,613
OPERATING TRANSFERS IN (OUT)	11,731	(11,731)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,649	28,964	74,613
FUND BALANCE - BEGINNING OF YEAR	1,103,485	60,040	1,163,525
FUND BALANCE - END OF YEAR	\$ 1,149,134	\$ 89,004	\$ 1,238,138

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities

Year Ended June 30, 2019

Total net changes in fund balance at June 30 per Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 74,613
<p>The change in net assets reported for governmental activities in the statement of activities 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.</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 6,675	
Depreciation expense for the year ended June 30	<u>(13,349)</u>	(6,674)
<p>Net pension expense is reported in the governmental funds as expenditures as they are paid, however, in the statement of activities the net position expense is reported according to estimates required by GASB 68:</p>		
Pension expenses paid	36,172	
Pension expenses per GASB 68	<u>(53,139)</u>	<u>(16,967)</u>
Total changes in net position at June 30 per Statement of Activities		<u>\$ 50,972</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Statement of Net Position - Fiduciary Funds

June 30, 2019

ASSETS	
Cash	\$ 87,995
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
	<u>\$ 87,995</u>
LIABILITIES	
Bonds held for disposition of civil cases	\$ 11,727
Due to other agencies	<u>76,268</u>
	<u>87,995</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
	<u>\$ 87,995</u>

The accompanying notes are an integral part of the basic financial statements.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City Court of Sulphur in and for Ward Four was created under the authority of LSA-RS 13:1871-2512 and is a City/Ward Court handling traffic and misdemeanor criminal matters, civil matters with money jurisdiction not exceeding \$25,000 and juvenile matters.

1. Reporting Entity

The City Court judge is an independently elected official. However, the City Court is fiscally dependent on the City of Sulphur, Louisiana for office space, court rooms, partial funding of salary costs and other operating expenses. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City of Sulphur, Louisiana, the financial reporting entity.

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

2. Basis of Presentation

The accompanying basic financial statements of the City Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City Court as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through costs, intergovernmental revenues, and other nonexchange revenues.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the City Court; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Fund (Major Fund) – Special Revenue Funds are used to account for all specific revenue sources that are legally restricted to expenditures for specified purposes.

FIDUCIARY FUND TYPE

Agency Fund – The Agency Fund is used to account for assets held by the City Court as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results in operations.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Measurement Focus

On the government-wide statement of net position and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash Deposits

Deposits include amounts in demand deposits and interest-bearing demand deposits, as well as short-term investments with an original maturity date of 90 days or less. State statutes authorize the City Court to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the City Court has \$1,431,484 in deposits (collected bank balances). These deposits are secured from risk by \$750,000 of federal deposit insurance and \$681,484 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

5. Restricted Assets

Restricted assets on the balance sheet represent amounts which have accumulated in accordance with the following:

Building fund	\$ 771,578
Judicial expense fund	186,477
Accrued judicial fund	<u>161,357</u>
Total restricted cash	<u>\$ 1,119,412</u>

Building Fund – In accordance with Louisiana Statute RS 13.1899, the City Court collects a fee and places it in a fund dedicated exclusively to the acquisition, leasing, construction, equipping and/or maintenance of new and existing city courts.

Judicial Expense Fund – In accordance with Louisiana Statute RS 13.996, the City Court collects court costs to be placed in a separate account designated as the Judicial Expense Fund. This fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration or function of the City Court. No salary may be paid from the Judicial Expense Fund to any of the judges of the City Court.

Accrued Judicial Fund – The City Court transfers excess earnings from the civil fund into this fund. Funds are accumulated and used only to pay the Judges in years that their salary falls below the legal maximum allowed.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

6. Budgets

A general fund and special revenue fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the end of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The City Court holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

7. Capital Assets

Capital assets, which include equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	3-7 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the Governmental Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. In accordance with the provisions of Statement Financial Accounting Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement. At June 30, 2019 the City Court’s liability for compensated absences was \$17,028.

9. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “Net investment in capital assets”.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

- a. Restricted Fund Balance – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- b. Assigned fund balance – includes fund balance amounts that are intended to be used for specific purposes which are internally imposed
- c. Unassigned fund balance – includes fund balance within the general fund which has not been classified within the above-mentioned categories.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balance shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

10. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

11. Subsequent Events

Management has evaluated subsequent events through October 2, 2019, the date the financial statements were available to be issued.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE B – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 242,490	\$ 6,675	\$ 15,168	\$ 233,997
Less accumulated depreciation for:				
Equipment	<u>213,588</u>	<u>13,349</u>	<u>15,168</u>	<u>211,769</u>
Governmental activities capital assets, net	<u>\$ 28,902</u>	<u>\$ (6,674)</u>	<u>\$ -</u>	<u>\$ 22,228</u>

NOTE C – PENSION PLANS

Substantially all employees of the City Court are eligible to participate in the Municipal Employees' Retirement System. The Judge is eligible to participate in the Louisiana State Employees' Retirement System.

1. Municipal Employees Retirement System of Louisiana (System)

Plan Description. Substantially all employees of the City Court are eligible to participate in the Municipal Employees' Retirement System, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City Court are members of Plan A.

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS - CONTINUED

is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements:

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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 Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the City Court is required to contribute at an actuarially determined rate. The current rate is 26.00% of annual covered payroll. The City Court contributions to the System under Plan A for the year ended June 30, 2019 was \$16,990.

At June 30, 2019, the Court reported a liability of \$185,680 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the District's proportion was .0448430%.

For the year ended June 30, 2019, the District recognized pension expense (benefit) of \$21,340 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$0.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS - CONTINUED

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 6,601
Difference between expected and actual investment	28,456	-
Difference between expected and actual assumption	5,590	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	16,765	-
Amortization	68	-
Contributions subsequent to the measurement date	16,990	-
Total	\$ 67,869	\$ 6,601

\$16,990 reported as 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, 2019. Other accounts 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:	Amount
2019	\$ 25,881
2020	15,048
2021	2,533
2022	836
2023	-
Thereafter	-

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS – CONTINUED

Actuarial methods and assumption. The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components on net pension liability of the System's employers as of June 30, 2018 are as follows:

	Plan A	Plan B
Total Pension Liability	\$1,148,293,981	\$ 245,867,981
Plan Fiduciary Net Pension	734,226,194	161,284,802
Total Net Pension Liability	\$ 414,067,787	\$ 84,583,179

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.275% (Net of investment expense)
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Projected Salary Increases	5.00% (2.4% Merit/2.6% Inflation)
Cost of Living Adjustments	The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.
Mortality	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Health Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS – CONTINUED

The discount rate used to measure the total pension liability was 7.4% for Plan A. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.5% or one percentage point higher 8.5% than the current rate.

	Changes in Discount Rate 2018		
	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.5%
Net Pension Liability (Asset)	\$238,523	\$185,680	\$140,577

2. Louisiana State Employees' Retirement System

Plan Description. The Judge of the City Court of Sulphur, is a member of the Louisiana State Employees' Retirement System, a cost-sharing, single-employer defined benefit pension plan administered by a separate board of trustees.

Any person legally occupying a position in state service except those specifically excepted from participation are eligible to participate in the System.

Eligibility for retirement benefits for members hired prior to July 1, 2006 includes written applications to the Board and Member has attained age 60 and 10 years of accredited service, or at any age and 30 years of accredited service.

Annual pension is equal to 2.5% to 3.5% of average compensation for the highest 36 consecutive months for each year of creditable service.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS - CONTINUED

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.

Funding Policy. Members are required by state statute to contribute 11.5 percent of their annual covered salary and the City Court is required to contribute at an actuarially determined rate. The current rate is 40.1 percent of annual covered payroll. The City Court's contributions to the System for the year ending June 30, 2019 were \$19,182.

At June 30, 2019, the Court reported a liability of \$176,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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 share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .00260%.

For the year ended June 30, 2019, the District recognized pension expense (benefit) of \$(4,372) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,689. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,985
Difference between expected and actual investment	4,096	
Difference between expected and actual assumption	1,801	
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	62	(31)
Amortization	(189)	-
Contributions subsequent to the measurement date	19,182	-
Total	\$ 24,952	\$ 1,954

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS - CONTINUED

\$19,182 reported as deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other accounts 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:	Amount
2019	\$ 4,962
2020	1,996
2021	(4,388)
2022	(711)
2023	-
Thereafter	-

Actuarial methods and assumption. The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components on net pension liability of the System's employers as of June 30, 2018 are as follows:

Total Pension Liability	\$ 19,103,640,164
Plan Fiduciary Net Pension	<u>12,283,713,118</u>
Total Net Pension Liability	<u><u>\$ 6,819,927,046</u></u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.70% per annum.
Expected Remaining Service Lives	3 years.
Inflation Rate	2.75% per annum.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS – CONTINUED

Salary Increases

Salary increases were projected based on a 2009-2013 experience study of the System’s members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

Cost of Living Adjustments

The present values of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet amortized by the Board of Trustees.

Mortality

Non-disabled members – Mortality rates are based on the RP-2000 Combined Health Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.

Termination, Disability, and Retirement

Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE C – PENSION PLANS – CONTINUED

current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Changes in Discount Rate 2018		
	1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
Net Pension Liability (Asset)	\$223,787	\$176,977	\$137,297

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.65%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.65% or one percentage point higher 8.65% than the current rate.

NOTE D – RISK MANAGEMENT

The City Court is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City Court maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City Court. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE E – CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances due to taxing bodies and others follow:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Cash Appearance Bond	\$ -	\$ -	\$ -	\$ -
Fines	-	296,559	296,559	-
Court Costs	-	897,713	897,713	-
Total	\$ -	\$1,194,272	\$1,194,272	\$ -

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Notes to Financial Statements

June 30, 2019

NOTE G – ON-BEHALF PAYMENTS

Included in intergovernmental revenue is \$292,544 of wages paid to City Court employees by the City of Sulphur, LA, Parish of Calcasieu, and State of Louisiana. These wages are included as expenditures on the City Court's statement of revenue, expenditures, and changes in fund balances.

REQUIRED SUPPLEMENTAL INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Budgetary Comparison-General Fund

Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Court costs and fines	\$ 200,000	\$ 195,903	\$ (4,097)
Intergovernmental	310,000	292,544	(17,456)
Interest	<u>2,500</u>	<u>3,567</u>	<u>1,067</u>
Total Revenues	512,500	492,014	(20,486)
EXPENDITURES			
General and administrative	494,700	451,421	43,279
Capital outlay	<u>10,000</u>	<u>6,675</u>	<u>3,325</u>
Total Expenditures	504,700	458,096	46,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,800	33,918	26,118
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	<u>12,000</u>	<u>11,731</u>	<u>(270)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	19,800	45,649	25,849
FUND BALANCE - BEGINNING	<u>1,103,485</u>	<u>1,103,485</u>	<u>-</u>
FUND BALANCE - ENDING	<u><u>\$ 1,123,285</u></u>	<u><u>\$ 1,149,134</u></u>	<u><u>\$ 25,849</u></u>

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Budgetary Comparison-Special Revenue Fund

Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Court costs and fines	\$ 200,000	\$ 255,303	\$ 55,303
Interest	-	30	30
Total Revenues	200,000	255,333	55,333
EXPENDITURES			
General and administrative	184,200	214,638	(30,438)
Total Expenditures	184,200	214,638	(30,438)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,800	40,695	24,895
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	(12,000)	(11,731)	269
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	3,800	28,965	25,164
FUND BALANCE - BEGINNING	60,040	60,040	-
FUND BALANCE - ENDING	\$ 63,840	\$ 89,005	\$ 25,164

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended June 30, 2019

Municipal Employees Retirement System of Louisiana (System):

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Employer's portion of the net pension liability (asset)	0.04484%	0.03922%	0.03537%	0.03351%	0.00000%
Employer's proportionate share of the net pension liability (asset)	\$ 185,680	\$ 164,075	\$ 144,987	\$ 119,696	\$ -
Employer's covered payroll	\$ 65,348	\$ 81,872	\$ 71,227	\$ 63,189	\$ 57,191
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	284.14%	200.40%	203.56%	189.43%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	67.00%	63.49%	76.68%	66.17%	73.99%

Louisiana State Employees' Retirement System:

Employer's portion of the net pension liability (asset)	0.26000%	0.00257%	0.00254%	0.00256%	0.00278%
Employer's proportionate share of the net pension liability (asset)	\$ 176,977	\$ 180,968	\$ 199,612	\$ 150,666	\$ 139,189
Employer's covered payroll	\$ 47,835	\$ 47,460	\$ 46,416	\$ 45,348	\$ 47,363
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	369.97%	381.31%	430.05%	332.24%	293.88%
Plan fiduciary net position as a percentage of the total pension liability	87.01%	62.50%	88.46%	62.66%	65.02%

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

*The amounts presented have a measurement date of June 30, 2018.

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Lake Charles, Louisiana

Schedule of Employer Contributions

Year Ended June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Municipal Employees Retirement System of Louisiana (System):					
2015	\$ 11,295	\$ 11,295	\$ -	\$57,191	19.7%
2016	\$ 12,480	\$ 12,480	\$ -	\$63,189	19.8%
2017	\$ 16,204	\$ 16,204	\$ -	\$71,227	22.7%
2018	\$ 20,263	\$ 20,263	\$ -	\$81,872	24.7%
2019	\$ 16,990	\$ 16,990	\$ -	\$64,348	26.4%
Louisiana State Employees' Retirement System:					
2015	\$ 19,449	\$ 19,449	\$ -	\$47,363	41.1%
2016	\$ 17,407	\$ 17,407	\$ -	\$45,348	38.4%
2017	\$ 17,638	\$ 17,638	\$ -	\$46,416	38.0%
2018	\$ 19,032	\$ 19,032	\$ -	\$47,460	40.1%
2019	\$ 19,182	\$ 19,182	\$ -	\$47,835	40.1%

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

OTHER SUPPLEMENTAL INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of General Government Expenditures-Governmental Fund

Year Ended June 30, 2019

	General Fund	Special Revenue Fund	Total
Attorney, witness and curator fees	\$ 1,186	\$ 450	\$ 1,636
Audit fees	12,500	-	12,500
Bank charges	856	799	1,655
Civil fees-Judge and Marshall	-	75,828	75,828
Clerical	317,126	-	317,126
Conventions and seminars	20,991	-	20,991
Court cost refunds	-	28,566	28,566
Dues	900	-	900
Janitorial services	8,190	-	8,190
Judge ad hoc	4,718	-	4,718
Library	1,591	6,460	8,051
Miscellaneous	2,603	1,820	4,423
Miscellaneous services	5,004	28,776	33,780
Office supplies and postage	25,447	1,537	26,984
Recordation of judgment	1,735	29,120	30,855
Repairs and maintenance	26,647	-	26,647
Retirement funds - Clerical	16,990	-	16,990
Retirement funds - Judge	-	19,182	19,182
Supplementary state fees	-	21,399	21,399
Taxes	2,083	701	2,784
Telephone	2,483	-	2,483
Utilities	371	-	371
	<u>\$ 451,421</u>	<u>\$ 214,638</u>	<u>\$ 666,059</u>

OTHER INFORMATION

CITY COURT OF SULPHUR IN AND FOR WARD FOUR

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended June 30, 2019

Chief Executive Officer: Charles Schrumpf, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 47,835
Benefits - insurance	-
Benefits - retirement	24,683
Benefits - cell phone	-
Mileage	1,181
Vehicle provided by government	-
Per diem	-
Reimbursements	240
Travel	4,167
Conference registration	1,750
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	1,429
Dues	500

INDEPENDENT AUDITORS' 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

October 2, 2019

Honorable Charles Schrupf, Judge
City Court of Sulphur in and for Ward Four
Sulphur, Louisiana

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Sulphur in and for Ward Four, Sulphur, Louisiana, a component unit of the City of Sulphur, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City Court of Sulphur in and for Ward Four's basic financial statements and have issued our report thereon dated October 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City Court of Sulphur in and for Ward Four'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 charged with governance.

Honorable Charles Schrumpf, Judge
City Court of Sulphur in and for Ward Four
Sulphur, Louisiana
October 2, 2019
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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Sulphur in and for Ward Four'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

City Court of Sulphur in and for Ward Four's Responses to Findings

City Court of Sulphur in and for Ward Four's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City Court of Sulphur in and for Ward Four's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shagson, Cassidy: Shullery

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Findings and Responses

Year Ended June 30, 2019

I. Summary of Auditors' Results

Auditor issued an unqualified opinion on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Control deficiency(s) identified that are not considered to be material weakness(es)?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

II. Financial Statement Findings

Finding 2019-001:

Inadequate Segregation of Duties

Condition: Because of the small size of the City Court's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned/ Management Response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

Continued

CITY COURT OF SULPHUR IN AND FOR WARD FOUR
Sulphur, Louisiana

Schedule of Findings and Responses - Continued

Year Ended June 30, 2019

Finding 2019-002:

Budgetary Authority and Control

Condition: Inadequate budgeting procedures resulted in the special revenue fund expenditures being over budget by 5% or more.

Criteria: Inadequate budgeting procedures.

Effect: Violation of Louisiana Revised Statute 39:1310.

Recommendation: The City Court should review actual revenues and expenditures on an interim basis and amend the budget if necessary.

Corrective Action Planned/ Management Response: The City Court agrees with the finding and will implement the recommendations. The budget noncompliance is a direct result of reporting on-behalf payments of salaries from the City of Sulphur, Parish of Calcasieu, and State of Louisiana.

III. Federal Award Findings and Questioned Costs

N/A

IV. Prior Year Audit Findings

Item 2018-001: Segregation of duties –due to lack of sufficient financial resources, this cannot be resolved. This is a repeat finding in 2019.

Item 2018-002: Budgetary authority control – inadequate budgeting procedures in the general fund resulting in budget variances of 5% or more. This is a repeat finding in 2019.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

October 2, 2019

City Court of Sulphur in and for Ward Four
Sulphur, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the City Court of Sulphur in and for Ward Four 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 year July 1, 2017 through June 30, 2019. 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 findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
The City Court's written policies and procedures manual addresses this area.
 - 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.
The City Court's written policies and procedures manual addresses this area.
 - c) *Disbursements*, including processing, reviewing, and approving.
The City Court's written policies and procedures manual addresses this area.
 - d) *Receipt/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).
The City Court's written policies and procedures manual addresses this area.

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

The City Court's written policies and procedures manual addresses this area.

- 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.

The City Court's written policies and procedures addresses this area.

- 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 (.e.g., determining the reasonableness of fuel card purchases).

The City Court does not have credit/debit cards and therefore its written policies and procedures do not address this area.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The City Court's written policies and procedures manual addresses this area.

- 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.

The City Court's written policies and procedures manual addresses this area.

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

The City Court does not have debt and therefore its written policies and procedures do not address this area.

- k) *Disaster Recovery/Business Continuity*, including, (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The City Court's written policies and procedures do not address this area.

Management Response: Will add to policies

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The City Court does not have a board or finance committee.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The City Court does not have a board or finance committee.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The City Court did not have a negative fund balance in the general fund in the prior year.

Bank Reconciliations

- 3. Obtain a listing of the entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations were prepared within 2 months of the statement closing date.

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

Bank reconciliations did include evidence that a member of management/board member reviewed each reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

When applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections

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

The listing was provided by management.

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

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

Cash drawers/registers are shared; however, employees that are responsible for cash collections have an individual access code to cash drawers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The employees responsible for collecting cash is not responsible for preparing/making bank deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledger, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employees responsible for collecting cash is not responsible for posting collection entries to the general ledger.

- d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for reconciling cash collections to the general ledger is not responsible for collecting cash.

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

All employees are covered by an insurance policy for theft.

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

- a) Observe that receipts are sequentially pre-numbered.

The City Court uses prenumber receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

All cash collections were accompanied by a receipts or system report and traced to the deposit slip.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

All deposits selected cleared the bank account timely and intact.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

All deposits selected, except for one which was made within two days, were made within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

All deposits selected were traced to the general ledger.

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

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

The listing was provided by management.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in approving and making a purchase. Purchase orders are not utilized.

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

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

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employees responsible for processing payments are not prohibited from adding/modifying vendor files. They review vendors when comparing a check to corresponding invoice prior to signing the check.

Management Response: Two employees can both process payments and add/modify vendor files. However, when payments are processed by an employee, the other employee reviews the vendor.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The employee responsible for signing checks mails the payment.

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

- a) Observe that the disbursement matched the related original invoice/billing statement.

All transactions tested matched the original invoice.

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

No exceptions.

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

11. 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.

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The City Court does not have any active credit cards, bank debit cards, fuel cards, nor P-Cards.

Travel and Travel-Related Expense Reimbursements (Excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Travel reimbursements were calculated using the U.S. General Services Administration mileage reimbursement rate.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

When applicable, the reimbursement is supported by an original itemized receipt.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Reimbursements were supported by documentation of the business/public purpose of the travel.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Reimbursements were reviewed and approved in writing by someone other than the person receiving the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

All contracts were approved by the Judge.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

There were no agreements/contracts initiated or renewed during the fiscal year.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

The invoices and related payments tested agreed to the terms and conditions of the contract, when applicable.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain their paid salaries and personnel files, and agree paid salaries to the authorized pay rates in the personnel files.

The listing was provided by management. All salaries were paid in accordance to authorized payrates.

17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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.)

All employees tested had documentation of daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

All employees tested had proper approved documentation of attendance and leave.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

All employees tested had documentation of cumulative leave.

18. Obtain a listing of those employees/officials that received termination pay during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the payrates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The hours and pay rates used in management's termination payment calculations agree to the leave records and authorized pay rates.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Documentation reflected that payroll tax return/reports, retirement contributions, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed, by required deadlines.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

When applicable, all employees selected for testing maintained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(i).

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

When applicable, documentation demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the list is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

No debt was issued during the fiscal year.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select on bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The City Court had no outstanding debt during the fiscal year.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management informed us that the City Court did not have any misappropriation of public funds or assets during the fiscal year.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1. concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The City Court has the required notice posted in a conspicuous place upon its premises. The entity does not have its own website.

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

Shagron, Casiday, Shillory