

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

CITY COURT AND CITY MARSHAL
OF JENNINGS, LOUISIANA

(A Component Unit of the City of Jennings, Louisiana)

JUNE 30, 2017

City Court and City Marshal of Jennings, Louisiana

Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplemental Information Schedules

C O N T E N T S

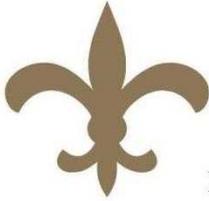
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CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplemental Information Schedules

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*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.
Recipient of Advanced Single Audit Certificate*

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City Court and City Marshal'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

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana
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expressing an opinion on the effectiveness of the City Court and City Marshal's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City Court and City Marshal as of June 30, 2017, and the respective changes in financial position for the year ended in conformity 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 budgetary comparison information, employer's share of net pension liability, and employer contributions on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I 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.

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

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana
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Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court and City Marshal's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of compensation and benefits paid the City Court and City Marshal are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules are the responsibility of management and were derived and related 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 my opinion, based on my audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements and City Court and City Marshal's compensation and benefits 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*, I have also issued a report dated December 15, 2017, on my consideration of the City Court and City Marshal's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.


December 15, 2017

BASIC FINANCIAL STATEMENTS

STATEMENT A

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF NET POSITION

June 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and cash equivalents	\$ 189,253
Due from other governmental units	3,620
Interfund receivables	3,361
Capital assets (net)	25,132
TOTAL ASSETS	221,366
DEFERRED OUTFLOWS OF RESOURCES	
Changes in proportion and differences between contributions and proportionate share of contributions	11,514
Contributions subsequent to the measurement date	19,064
Net difference between projected and actual earnings on pension plan investments	22,172
TOTAL DEFERRED OUTFLOWS OF RESOURCES	52,750
LIABILITIES	
Accounts payable	7,722
Net pension liability	178,017
TOTAL LIABILITIES	185,739
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual experience	1,548
TOTAL DEFERRED INFLOWS OF RESOURCES	1,548
NET POSITION	
Invested in capital assets, net of related debt	25,132
Unrestricted	61,697
TOTAL NET POSITION	\$ 86,829

The accompanying notes are an integral part of this financial statement.

STATEMENT B

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues Charges for Services and Use</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
Governmental Activities			
General government	<u>\$ 299,340</u>	<u>\$ 161,626</u>	<u>\$ (137,714)</u>
General Revenues:			
			<u>159,711</u>
On-behalf payments			
Total general revenues			<u>159,711</u>
			21,997
Change in Net Position			
			<u>64,832</u>
Net Position-beginning			
			<u>\$ 86,829</u>
Net Position-ending			

The accompanying notes are an integral part of this financial statement.

STATEMENT C

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Balance Sheet-Governmental Funds

June 30, 2017

	City Court Criminal Fund	Judicial Building Fund	Civil Fund	Marshal's Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 60,220	\$ 4,618	\$ 10,372	\$ 114,043	\$ 189,253
Interfund receivables	1,652	420	-	1,289	3,361
Due from other governments	-	-	-	3,620	3,620
	\$ 61,872	\$ 5,038	\$ 10,372	\$ 118,952	\$ 196,234
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,814	\$ 758	\$ 3,745	\$ 1,405	\$ 7,722
	1,814	758	3,745	1,405	7,722
Fund Balances:					
Unassigned	60,058	4,280	6,627	117,547	188,512
	\$ 61,872	\$ 5,038	\$ 10,372	\$ 118,952	\$ 196,234

The accompanying notes are an integral part of this financial statement.

STATEMENT D

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

**Reconciliation of the Balance Sheet-Governmental Funds Balance Sheet
to the Statement of Net Position**

June 30, 2017

Fund Balances, Total Governmental Funds (Statement C)		\$188,512
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

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

Capital Assets	\$ 58,156		
Less: Accumulated Depreciation	<u>(33,024)</u>	25,132	

In accordance with Governmental Accounting Standards Board
Statement No. 68, the net pension liability related to pension plans,
deferred outflows of resources, and deferred inflows of resources
are not recorded in the governmental funds.

Net Pension Liability		(178,017)
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Deferred Outflows of Resources:

Changes in proportion and differences between contributions and proportionate share of contributions		11,514	
Contributions subsequent to the measurement date		19,064	
Net difference between projected and actual earnings on pension plan investments		22,172	

Deferred Inflows of Resources:

Differences between expected and actual experience		<u>(1,548)</u>	
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Net Position of Governmental Activities (Statement A)		<u>\$ 86,829</u>
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The accompanying notes are an integral part of this financial statement.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

For the Year Ended June 30, 2017

	City Court Criminal Fund	Judicial Building Fund	Civil Fund	Marshal's Fund	Total Governmental Funds
REVENUES					
Fees, charges, and commissions for services:					
Court costs, fees and fines	\$ 56,786	\$ 9,465	\$ 47,886	\$ 47,489	\$ 161,626
On-behalf payments	143,634	-	-	16,077	159,711
Total revenues	<u>200,420</u>	<u>9,465</u>	<u>47,886</u>	<u>63,566</u>	<u>321,337</u>
EXPENDITURES					
Current:					
Personal services and related benefits	19,708	-	50,876	3,250	73,834
Personnel cost through on-behalf payments	143,634	-	-	16,077	159,711
Operating services	14,526	6,859	-	19,153	40,538
Material and supplies	12,904	-	-	5,490	18,394
Capital outlay	-	-	-	730	730
Total expenditures	<u>190,772</u>	<u>6,859</u>	<u>50,876</u>	<u>44,700</u>	<u>293,207</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	9,648	2,606	(2,990)	18,866	28,130
FUND BALANCES AT BEGINNING OF YEAR	<u>50,410</u>	<u>1,674</u>	<u>9,617</u>	<u>98,681</u>	<u>160,382</u>
FUND BALANCES AT END OF YEAR	<u>\$ 60,058</u>	<u>\$ 4,280</u>	<u>\$ 6,627</u>	<u>\$ 117,547</u>	<u>\$ 188,512</u>

The accompanying notes are an integral part of this financial statement.

STATEMENT F

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances-Governmental Funds
to the Statement of Activities**

For the Year Ended June 30, 2017

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ 28,130
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Amounts reported for governmental activities
in the Statement of Activities are different because:

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

Capital outlay	\$ 730	
Depreciation	<u>(7,130)</u>	<u>(6,400)</u>

In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related pension is not required to be recorded in the governmental fund financial statements. Adjustments to pension expense related to changes in deferred outflows of resources and deferred inflows of resources are reflected in the Statement of Activities:

Net change in pension expense	<u>267</u>
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Change in Net Position of Governmental Activities (Statement B)	<u><u>\$ 21,997</u></u>
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The accompanying notes are an integral part of this financial statement.

STATEMENT G

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	<u>Total Agency Funds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 185,138</u>
TOTAL ASSETS	<u><u>\$ 185,138</u></u>
LIABILITIES	
Interfund payables	\$ 3,360
Deposits due to others	<u>181,778</u>
TOTAL LIABILITES	<u><u>\$ 185,138</u></u>

The accompanying notes are an integral part of this financial statement.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

INTRODUCTION

The City Court was created under the authority of LSA-RS 13:1871-2512. The Court of Jennings, Louisiana has one elected Judge and one elected Marshal.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City Court Judge and Marshal are independently elected officials. However, the City Court is fiscally dependent on the City of Jennings for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the City Court is fiscally dependent on the city, the City Court was determined to be a component unit of the City of Jennings, the financial reporting entity.

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

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

The City Court and City Marshal adopted Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Collectively, these statements changed the government-wide statements of net assets from three elements to five, adding deferred outflows and deferred inflows and renamed it to the statement of net position. Certain items previously reported as assets and liabilities such as loan organization fees and non-exchange revenue for future periods are reclassified to deferred outflows or inflows, or are no longer carried on the statement of net position.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City Court and City Marshal. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities of the City Court and City Marshal are considered governmental activities.

In government-wide Statement of Net Position, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

The net costs (by function) are normally covered by general revenue (interest earned, etc.). This government-wide focus is more on the sustainability of the City Court and City Marshal as an entity and the change in the City Court and City Marshal's net position resulting from the current year's activities.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Fund Financial Statements (FFS)

Separate fund financial statements (FFS) are provided for governmental funds and fiduciary funds, even though the latter are excluded from the GWFS. Major individual governmental funds are reported as a separate column in the fund financial statements.

The City Court and City Marshal 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 and City Marshal functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The following fund types are used by the City Court and City Marshal:

Governmental Funds: Governmental funds account for all or most of the City Court and City Marshal's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the City Court and City Marshal.

The following are the City Court and City Marshal's major governmental funds:

Criminal Court Fund – to account for the receipt of court costs derived from city charges and payment of court operating expenses necessary to support activities relevant to conducting criminal court cases.

Judicial Building Fund – to account for the funds received and disbursed for building repair and maintenance.

Civil Court Fund – to account for the receipt of court costs derived from city charges and payment of court operating expenses necessary to support activities relevant to conducting civil court cases.

Marshal Fund – to account for the receipt of fees derived from city charges and payment of

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

operating expenses incurred by the marshal in the normal course of his duties.

Fiduciary Funds: Fiduciary funds reporting on net position and changes in net position. The only funds accounted for in this category by the court are agency funds. The agency funds account for assets held by the court as a agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City Court and City Marshal maintain four agency funds as described below:

Criminal Agency Fund – to account for the collection and distribution of fines or fees, from adjudication or other means, originating from criminal court cases, tickets, misdemeanors, etc. These funds are distributed to other agencies, entities, and programs related to the criminal cases involved or as deemed by statute.

Civil Agency Fund – to account for the collection and distribution of fees and costs associated with civil case process. These funds are distributed to plaintiffs, defendants, and other agencies, entities and programs deemed appropriate by adjudication or statute.

Garnishment Agency Fund - to account for the collection and distribution of garnished wages to the rightful parties.

Bond Agency Fund – to account for the collection and distribution of bonds, deposited on behalf of defendants. These amounts are refunded upon appearance at court, refunded to pay restitution and other fines/fees, or forfeited to the city marshal.

C. Basis of Accounting/Measurement Focus

Government Wide Financial Statements (GWFS)

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental and Agency Funds are accounted for on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they measurable and available to pay current period liabilities.

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period or 60 days. Commissions on fines and bond forfeitures are reported in the year they are collected by the tax collector. Revenues resulting from non-exchange transactions, such as grants, are recognized when all applicable eligibility requirements are met and the resources are measurable and available. Interest income on investments is recorded when earned. Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Costs of accumulated unpaid vacation, sick leave and other employee benefit amounts are reported in the period due and payable rather than the period earned by employees, and general long-term obligations principal and interest payments are recognized only when due.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources.

a. Cash, Cash Equivalents, and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with maturities of 90 days or less. Under state law the City Court and City Marshal may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. Investments may include instruments or obligations issued by the United States

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Government or its agencies, or any other federally-issued investment.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 since the City Court and City Marshal does not have a formal investment policy. Funds which are available for investment and above immediate cash requirements can be invested in statutorily-sanctioned investments including direct U.S. Treasury obligations, bonds, debentures, notes or certificates issued by or guaranteed by federal agencies, or time certificate of deposit in any bank domiciled or have a branch office in Louisiana or any other federally-insured investment. Statutorily-sanctioned investments also include funds invested with external local government investment pools such as Louisiana Asset Management Pool.

When investments are present in the financial statements they are reflected at fair value except for the following which are permitted per GASB Statement 31, *Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*:

Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure. Interest-earning investment contracts include time deposits with financial institutions (such certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money-market investments and participating interest-earning investment contracts that have remaining maturity at time of purchase of one year or less are reported at amortized cost. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

b. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result from goods provided or services rendered in amounts owed between funds. These receivables/payables are classified as interfund receivables/payables on the Funds Financial Statement (FFS) balance sheet. Short-term interfund loans are also classified as interfund receivables/payables. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund and are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

recorded fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

c. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

d. Eliminations and Reclassifications

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

e. Subsequent Events

Subsequent events were evaluated through December 15, 2017, which is the date the financial statements were available to be issued. Management determined that no events occurred that require disclosure.

f. Risk Management

The City Court and City Marshal's office are 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. These risks are managed by coverage through commercial insurance paid either by the City of Jennings or the City Court.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

g. Capital Assets

In the fund financial statements, the cost of acquiring capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are capitalized at historical cost or estimated historical cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City Court and City Marshal maintain a threshold level of \$250 or more for capitalizing capital assets. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of assets is as follows:

Transportation	5 years
Furniture and equipment	5-10 years

h. Compensated Absences

The City Court and City Marshal have the following policy relating to vacation and sick leave:

The City Court and City Marshal's policy is that sick leave and vacation leave does not accumulate or vest from year to year. Sick leave and vacation leave is available during each employee's tenure, annually, and is not payable upon retirement or termination.

As of June 30, 2017, the City Court and City Marshal did not have a liability for accrued vacation or sick leave since this benefit does not vest past year end. Therefore the financial statements do not contain a liability for unpaid vacation or sick leave pay.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

i. Fund Equity

In the government-wide statements, equity is classified as Net Position and displayed in three components.

- a. *Invested in capital assets, net of related debt* - 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 do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the City Court and City Marshal's policy to use restricted resources first, then unrestricted resources as needed.

In the *fund financial statements*, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows:

- a. *Nonspendable* - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. *Committed* - amounts that can be used only for specific purposes determined by a formal decision of the City Judge, which is the highest level of decision-making authority for the City Court and City Marshal.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

- d. *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. *Unassigned* - all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the City Court and City Marshal considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City Court and City Marshal considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Court and City Marshal has provided otherwise in their commitment or assignment actions.

j. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the City Court and City Marshal, which are either unusual in nature or infrequent in occurrence.

D. DEPOSITS AND INVESTMENTS

Cash and equivalents include demand deposits and interest-bearing demand deposits, and time deposits at local financial institutions with a carrying value of \$374,391 at June 30, 2017. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the City Court and City Marshal's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2017, the City Court and City Marshal's bank balances of \$376,697 were insured by Federal Deposit Insurance Corporation (FDIC) (Category 1). Therefore, City Court and City Marshal were not exposed to custodial credit risk at June 30, 2017.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

E. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds under various circumstances. Unpaid amounts remaining at date of the financial statements are classified as interfund receivables/payables on the balance sheet. Short-term interfund loans, if applicable, are also classified as interfund receivables/payables.

Interfund receivables/payables at June 30, 2017, are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Funds:		
City Court Criminal Fund	\$ 1,652	\$ -
Judicial Building Fund	420	-
Marshal's Fund	1,289	-
Agency Fund:		
Criminal Fund	<u>-</u>	<u>3,361</u>
	<u>\$ 3,361</u>	<u>\$ 3,361</u>

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

F. CAPITAL ASSETS

A summary of changes in capital assets follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets				
Furniture and fixtures	\$ 726	\$ -	\$ -	\$ 726
Machinery and equipment	36,755	730	-	37,485
Transportation equipment	<u>19,945</u>	<u>-</u>	<u>-</u>	<u>19,945</u>
Total capital assets	57,426	730	-	58,156
Less accumulated depreciation				
Furniture and fixtures	726	-	-	726
Machinery and equipment	25,168	3,141	-	28,309
Transportation equipment	<u>-</u>	<u>3,989</u>	<u>-</u>	<u>3,989</u>
Total accumulated depreciation	<u>25,894</u>	<u>7,130</u>	<u>-</u>	<u>33,024</u>
Capital assets - net	<u>\$ 31,532</u>	<u>\$ (6,400)</u>	<u>\$ -</u>	<u>\$ 25,132</u>

Depreciation expense of \$7,130 was charged to general government function.

G. CHANGES IN AGENCY DEPOSITS DUE TO OTHERS

A summary of changes in agency deposits due to others follows:

	<u>Criminal Fund</u>	<u>Civil Fund</u>	<u>Garnishment Fund</u>	<u>Bond Fund</u>	<u>Total Agency Funds</u>
Balances, June 30, 2016	\$ 13,541	\$ 146,580	\$ 4,098	\$ 11,779	\$ 175,998
Additions:	182,708	89,594	237,605	1,150	511,057
Reductions:	<u>181,444</u>	<u>81,801</u>	<u>236,422</u>	<u>2,250</u>	<u>501,917</u>
Balances, June 30, 2017	<u>\$ 14,805</u>	<u>\$ 154,373</u>	<u>\$ 5,281</u>	<u>\$ 10,679</u>	<u>\$ 185,138</u>

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

H. PENSION PLANS

The City Court and City Marshal of Jennings implemented Government Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* – an Amendment of GASB 68. These standards require the City Court to record its proportional share of the pension plans Net Pension Liability and report the following disclosures:

Plan Descriptions:

Municipal Employees' Retirement System

Substantially all employees of the City Court and City Marshal are members of the Municipal Employees' Retirement System of Louisiana, a (cost-sharing) multiple employer defined benefit pension plan administered by a separate board of trustees. The pension plan issues a stand-alone financial report, which is available to the public. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. All employees of the City Court and City Marshal are members of Plan B.

All permanent employees working at least 35 hours per week and who are paid wholly or in part from municipal funds are eligible to participate in the system. Under Plan B, employees may retire at or after age 60 with at least 10 years of credible service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service and are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average monthly salary in excess of \$100 for each year of credible service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60 with basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years creditable service. In any case, monthly retirement benefits under Plan B cannot exceed 100% of final average salary. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. Under Plan B members are required by state statute to contribute 9.50% over their annual covered salary. The City Court and City Marshal contributions to the System under Plan B for the years ending June 30, 2017, 2016, and 2015 were \$0, since employees' salaries and benefits are paid from the City of Jennings.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Louisiana State Employees' Retirement System

The City Judge is a member of the Louisiana State Employees Retirement System (LASERS). The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple employer defined pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LRS 11:411-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:11-441 and vary depending on the member's hire date, employer and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The computation of retirement benefits are provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service.

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors. Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Eligibility requirements and benefits computations for disability benefits are provided for in LRS 11:461. All members with ten or more years of creditable service or members aged 60

or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in LRS 11:471-478. Under these statutes, the deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Funding Policy

Article X, Section 29 (E) (2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contributions rates in effect for the year ended June 30, 2017, for the covered employee was as follows:

	<u>City Court</u>	<u>Employee</u>
State Employees' Retirement System	<u>38.0%</u>	<u>11.5%</u>

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

The contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
State Employees' Retirement System	<u>\$ 19,064</u>	<u>\$ 19,807</u>	<u>\$ 18,858</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The following schedule lists the City Court and City Marshal's proportionate share of the Net Pension Liability allocated based on the June 30, 2016 measurement date. The City Court and City Marshal use this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016, along with the change compared to the June 30, 2015 rate. The City Court and City Marshal's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at <u>June 30, 2017</u>	Rate at <u>June 30, 2016</u>	Increase (Decrease) to <u>June 30, 2015</u>
State Employees' Retirement System	<u>\$ 178,017</u>	<u>0.0023%</u>	<u>(.00010%)</u>

The following lists the plan's recognized pension expense:

State Employees' Retirement System	<u>\$ 18,297</u>
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CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

At June 30, 2017, the City Court and City Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Of Resources</u>	Deferred Inflows <u>of Resources</u>
State Employees' Retirement System:		
Differences between expected and actual experience	\$ -	(1,548)
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	22,172	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	11,514	-
Employer contributions subsequent to the measurement date	<u>19,064</u>	<u>-</u>
Total	<u>\$ 52,750</u>	<u>\$ (1,548)</u>

The City Court and City Marshal reported a total of \$19,064 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2018.

Other amounts reported as Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

	<u>Year</u>	<u>Amount</u>
State Employees' Retirement System		
	2018	\$ 3,410
	2019	7,146
	2020	12,455
	2021	<u>9,127</u>
		<u>\$ 32,138</u>

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2016, are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Remaining Service Lives	3 years
Investment Rate of return	7.75%
Inflation Rate	3.0% per annum
Mortality	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projections for mortality improvement.
Termination, Disability, And Retirement	Terminations, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

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:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	4.00%	13.00%
Judges	3.00%	5.50%
Corrections	3.60%	14.50%
Hazardous Duty	3.60%	14.50%
Wildlife	3.60%	14.50%

Cost of Living
Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Long-Term Rate of
Return on Plan
Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Long-Term Rate of
Return on Plan
Investments-continued

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.72% for 2016.

The following table provides a summary of the best estimates of geometric real rates of return for each major asset class included in LASERS target asset allocation as of June 30, 2016.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.24%
Domestic equity	4.31%
International equity	5.48%
Domestic fixed income	1.63%
International fixed income	2.47%
Alternatives	7.42%
Global asset allocation	2.92%
Total	5.30%

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. 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 of the Employer's Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City Court and City Marshal's proportionate share of the Net Pension Liability (NPL) using the discount rate as well as what the City Court and City Marshal's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate.

<u>LASERS</u>	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.75%	7.75%	8.75%
Share of NPL	\$ 218,711	\$ 178,017	\$ 143,441

Payables to Pension Plan

The City Court and City Marshal recorded accrued liabilities to the LASERS Retirement System for the year ended June 30, 2016, mainly due to the payroll accruals at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payables. The balance due to the LASERS Retirement System at June 30, 2017, 2016, and 2015 was \$1,271, \$1,660, and \$1,773, respectively.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Financial Statements

For the Year Ended June 30, 2017

**I. EXPENDITURES OF THE CITY COURT AND CITY MARSHAL PAID BY
THE CITY OF JENNINGS**

The accompanying financials do not include certain portions of the City Court and City Marshal's expenses paid directly by other governmental entities. In compliance with Louisiana Revised Statute 13:2487.16, the City of Jennings provides for a suitable court room, offices, and expenses of operation and maintenance.

Compensation and benefits paid by the City of Jennings to the Judge and Marshal amounted to \$20,984 and \$16,077, respectively. Other employees of the City Court and City Marshal's office compensation and benefits amounted \$122,650. These on-behalf payments totaling \$159,711, are included in the general funds as revenue and related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

GOVERNMENTAL FUND-CITY COURT CRIMINAL FUND

For the Year Ended June 30, 2017

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
REVENUES				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 57,815	\$ 56,594	\$ 56,786	\$ 192
On-behalf payments	-	143,634	143,634	-
Total revenues	<u>57,815</u>	<u>200,228</u>	<u>200,420</u>	<u>192</u>
EXPENDITURES				
Current:				
Personal services and related benefits	21,093	19,711	19,708	3
Personnel cost through on-behalf payments	-	143,634	143,634	-
Operating services	17,806	15,030	14,526	504
Material and supplies	12,855	12,680	12,904	(224)
Total expenditures	<u>51,754</u>	<u>191,055</u>	<u>190,772</u>	<u>283</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,061	9,173	9,648	475
FUND BALANCES AT BEGINNING OF YEAR	<u>50,410</u>	<u>50,410</u>	<u>50,410</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 56,471</u>	<u>\$ 59,583</u>	<u>\$ 60,058</u>	<u>\$ 475</u>

See accompanying notes to the Required Supplementary Information.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

GOVERNMENTAL FUND-JUDICIAL BUILDING FUND

For the Year Ended June 30, 2017

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance Final Budget Positive (Negative)
REVENUES				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 9,000	\$ 9,516	\$ 9,465	\$ (51)
Total revenues	<u>9,000</u>	<u>9,516</u>	<u>9,465</u>	<u>(51)</u>
EXPENDITURES				
Current:				
Operating services	<u>9,000</u>	<u>6,874</u>	<u>6,859</u>	<u>15</u>
Total expenditures	<u>9,000</u>	<u>6,874</u>	<u>6,859</u>	<u>15</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	2,642	2,606	(36)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,674</u>	<u>1,674</u>	<u>1,674</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,674</u>	<u>\$ 4,316</u>	<u>\$ 4,280</u>	<u>\$ (36)</u>

See accompanying notes to the Required Supplementary Information.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

GOVERNMENTAL FUND-CIVIL FUND

For the Year Ended June 30, 2017

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
REVENUES				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 55,713	\$ 47,825	\$ 47,886	\$ 61
Miscellaneous	-	61	-	(61)
	<u>55,713</u>	<u>47,886</u>	<u>47,886</u>	<u>-</u>
EXPENDITURES				
Current:				
Personal services and related benefits	54,082	50,778	50,876	(98)
Operating services	56	61	-	61
	<u>54,138</u>	<u>50,839</u>	<u>50,876</u>	<u>(37)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,575	(2,953)	(2,990)	(37)
FUND BALANCES AT BEGINNING OF YEAR	<u>9,617</u>	<u>9,617</u>	<u>9,617</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 11,192</u>	<u>\$ 6,664</u>	<u>\$ 6,627</u>	<u>\$ (37)</u>

See accompanying notes to the Required Supplementary Information.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

GOVERNMENTAL FUND-MARSHAL'S FUND

For the Year Ended June 30, 2017

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
REVENUES				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 37,000	\$ 43,977	\$ 47,489	\$ 3,512
On-behalf payments	-	16,077	16,077	-
Total revenues	<u>37,000</u>	<u>60,054</u>	<u>63,566</u>	<u>3,512</u>
EXPENDITURES				
Current:				
Personal services and related benefits	3,000	3,000	3,250	(250)
Personnel cost through on-behalf payments	-	16,077	16,077	-
Operating services	22,100	18,684	19,153	(469)
Material and supplies	5,700	5,466	5,490	(24)
Capital outlay	400	730	730	-
Total expenditures	<u>31,200</u>	<u>43,957</u>	<u>44,700</u>	<u>(743)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,800	16,097	18,866	2,769
FUND BALANCES AT BEGINNING OF YEAR	<u>98,681</u>	<u>98,681</u>	<u>98,681</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 104,481</u>	<u>\$ 114,778</u>	<u>\$ 117,547</u>	<u>\$ 2,769</u>

See accompanying notes to the Required Supplementary Information.

Schedule 5

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

**Louisiana State Employee' Retirement System
Schedule of Employer's Share of Net Pension Liability**

For the Year Ended June 30, 2017*

Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.002270%	\$ 178,017	\$ 50,165	354.8%	57.70%
2016	0.002167%	\$ 147,389	\$ 48,049	306.7%	62.70%
2015	0.002375%	\$ 148,506	\$ 45,440	326.8%	65.00%

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

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

See accompanying notes to the Required Supplementary Information.

Schedule 6

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

**Louisiana State Employee' Retirement System
Schedule of Employer Contributions**

For the Year Ended June 30, 2017*

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2017	\$ 19,064	\$ 19,064	\$ -	\$ 50,165	38.0%
2016	\$ 19,807	\$ 19,807	\$ -	\$ 51,986	38.1%
2015	\$ 18,858	\$ 18,858	\$ -	\$ 48,049	39.2%
2014	\$ 18,685	\$ 18,685	\$ -	\$ 45,440	41.1%

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

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

See accompanying notes to the Required Supplementary Information.

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Required Supplemental Information

For the Year Ended June 30, 2017

A. BUDGETARY PRACTICES

General Budget Practices: The City Court and City Marshal follow the following procedures in establishing budgetary data reported in the accompanying budgetary comparison schedule:

Pursuant to the Louisiana Government Budget Act (LSA-RS 36:1301-1314), the City Court and City Marshal is required to adopt an annual budget no later than fifteen days prior to the beginning of each fiscal year.

Each year prior to June 15th, the City Court and City Marshal develops a proposed annual budget for the general funds. The operating budget includes proposed expenditures and the means of financing them. The proposed budget is advertised as available for public inspection at least 10 days prior to final adoption simultaneously with a notice of the date of public hearing. At the conclusion of the public hearing the budget is adopted by the City Court and City Marshal through a formal budget resolution.

Appropriations (unexpended budget balances) lapse at the end of fiscal year.

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed.

Formal budget integration (within the accounting records) is not employed as a management control device. All budgets are controlled at the object level. Budget amounts included in the accompanying financial statements include the original budget and all subsequent amendments. All budget revisions are approved by the City Court and City Marshal.

Budget Basis of Accounting: All governmental fund budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Legally, the City Court and City Marshal cannot budget total expenditures and other financing uses which would exceed total budgeted revenues and other financing sources including beginning fund balance. State statutes require the City Court and City Marshal to amend the budgets to prevent overall projected revenues, expenditures, or beginning fund balance from causing an adverse budget variance of five percent or more in an individual fund. The City Court and City Marshal approves budgets at the object level and management is allowed to transfer amounts between

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Notes to the Required Supplemental Information

For the Year Ended June 30, 2017

line items within an object. The City Court and City Marshal's office amends its budget during the year to account for unanticipated changes in the original budget.

B. PENSIONS

For LASERS, there were no changes of benefit terms for the year ended June 30, 2017.

Louisiana State Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2016, there were no changes of assumptions or benefit terms.

SUPPLEMENTARY INFORMATION

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

COMBINING BALANCE SHEETS
AGENCY FUNDS

June 30, 2017

	Criminal Fund	Civil Fund	Garnishment Fund	Bond Fund	Total Agency Funds
ASSETS					
Cash and cash equivalents	\$ 14,805	\$ 154,373	\$ 5,281	\$ 10,679	\$ 185,138
TOTAL ASSETS	<u>\$ 14,805</u>	<u>\$ 154,373</u>	<u>\$ 5,281</u>	<u>\$ 10,679</u>	<u>\$ 185,138</u>
LIABILITIES					
Due to other funds	\$ 3,360	\$ -	\$ -	\$ -	\$ 3,360
Deposits due to others	11,445	154,373	5,281	10,679	181,778
TOTAL LIABILITIES	<u>\$ 14,805</u>	<u>\$ 154,373</u>	<u>\$ 5,281</u>	<u>\$ 10,679</u>	<u>\$ 185,138</u>

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA
COMBINING SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
AGENCY FUNDS

For the Year Ended June 30, 2017

	Criminal Fund	Civil Fund	Garnishment Fund	Bond Fund	Total Agency Funds
Balances at beginning of year	\$ 13,541	\$ 146,580	\$ 4,098	\$ 11,779	\$ 175,998
Additions:					
Civil suits	-	89,594	-	-	89,594
Garnishments	-	-	237,605	-	237,605
Fines and court costs	182,708	-	-	-	182,708
Bonds	-	-	-	1,150	1,150
Total additions	<u>182,708</u>	<u>89,594</u>	<u>237,605</u>	<u>1,150</u>	<u>511,057</u>
Deductions:					
Distributions to:					
Jennings City Court	21,546	-	-	-	21,546
City Court	51,898	-	-	-	51,898
City Marshal	20,093	8,003	-	-	28,096
District Attorney	4,780	-	-	-	4,780
Indigent Defender Board	27,782	-	-	-	27,782
Judicial Building Fund	5,886	3,630	-	-	9,516
City Judge	-	55,871	-	-	55,871
Others	49,459	14,297	236,422	2,250	302,428
Total deductions	<u>181,444</u>	<u>81,801</u>	<u>236,422</u>	<u>2,250</u>	<u>501,917</u>
Balances at End of Year	<u>\$ 14,805</u>	<u>\$ 154,373</u>	<u>\$ 5,281</u>	<u>\$ 10,679</u>	<u>\$ 185,138</u>

Schedule 9

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

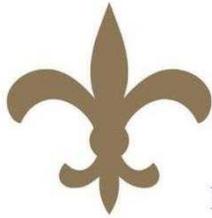
Schedule of Compensation, Benefits and Other Payments to the
City Judge and City Marshal

For the Year Ended June 30, 2017

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana

<u>Purpose</u>	<u>Amount</u>	
	<u>Judge Daniel Stretcher</u>	<u>Marshal Clarence Cormier, Jr.</u>
Salary	\$ 59,045	\$ 47,003
Benefits-insurance	8,179	217
Benefits-retirement	22,438	926
Benefits-dues	-	-
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	944	520
Reimbursements	-	-
Travel	523	-
Registration fees	-	-
Conference travel	1,265	-
Continuing professional education fees	1,930	2,010
Housing unvouchered expenses	-	-
Special meals	-	-
	<u>\$ 94,324</u>	<u>\$ 50,676</u>

OTHER REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the City Court and City Marshal of Jennings, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued my report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

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

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 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Judge Daniel Stretcher
Honorable Marshall Clarence Cormier, Jr.
City Court and City Marshal of Jennings
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance, that are required to be reported under *Government Auditing Standards*.

City Court and City Marshal's Response to Finding

City Court and City Marshal's response to the finding identified in my audit is described in the accompanying Schedule of Current and Prior Year Findings. City Court and City Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court and City Marshal'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 City Court and City Marshal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the City Court and City Marshal, and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be used by anyone other than these specified parties.


December 15, 2017

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SECTION I – SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City Court and City Marshal.
2. No internal control deficiency was disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City Court and City Marshal were disclosed during the audit.
4. The City Court and City Marshal's did not require a Single Audit.
5. A separate management letter was not issued with regards to the engagement.

SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS

Current Year Findings:

See Summary Schedule of Current and Prior Year Audit Findings.

Prior Year Findings:

See Summary Schedule of Current and Prior Year Audit Findings.

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2017**

Ref No.	Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Current Year 6/30/2017						
Internal Control:		NA		NA		
Compliance:		NA		NA		

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA
SUMMARY SCHEDULE OF CURRENT AND PRIOR YEAR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2017**

<u>Ref No.</u>	<u>Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
Prior Year 6/30/2016						
Internal Control:		NA		NA		
Compliance: 01-2016 (C)	6/30/2016	Audit for current year was not completed within six months of year end as required by state law. Unexpected health issues caused a delay in bookkeeping services.	Yes	Management does not expect the same issue for the following year.	Daniel Stretcher Clarence Cormier, Jr.	Done



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Judge Daniel Stretcher
Honorable Marshal Clarence Cormier, Jr.
City Court and City Marshal of Jennings, Louisiana

I have performed the procedures enumerated below, which were agreed to by City Court and City Marshal of Jennings, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity'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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained and address the function noted above.

- 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.

Written policies and procedures were obtained and address the function noted above.

- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the function noted above.
- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the function noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the function noted above.
- 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.
Written policies and procedures were obtained and address the function noted above.
- 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.
Written policies and procedures were obtained and address the function noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the function noted above.
- 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. Note: Ethics requirements are not applicable to nonprofits.
Written policies and procedures were obtained and address the function noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Debt was not included. No debt exists.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Not applicable

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Not applicable

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Not applicable

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

Not applicable

Bank Reconciliations

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

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period noting that monthly reconciliations have been prepared for all funds except the Marshal's fund, which does not prepare formal bank reconciliations, but does maintain a check register.

Management agrees and will prepare formal bank reconciliations for those accounts on a monthly basis.

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

Accounts tested did not contain evidence that management or management separate from involvement of transactions reviewed the bank reconciliations.

Management agrees and will review bank reconciliations in the future.

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

One account tested contained outstanding items that are not dated, but the check numbers were not a part of the current fiscal year. There is no evidence of management researching those items.

Management agrees and will research outstanding items in the future.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

The persons responsible for cash collections are bonded. At various times, the same person collecting cash may also be responsible for depositing cash in the bank, recording the deposit, and reconciling bank statements. None of the persons collecting cash are required to share the same drawer with another employee.

Management concurs, but has a limited staff available to accomplish complete separation of duties.

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

The persons responsible for reconciling cash collections as indicated in the above are the same persons who may be responsible for cash collection.

Management concurs, but has a limited staff available to accomplish complete separation of duties.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Collection documentation was obtained. Deposits were made within one day of collection for all but the Marshal and Garnishment Fund. The number of days after collection varied.

Management concurs, and will begin making deposits daily.

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

Collection documentation was obtained and addresses the functions noted above.

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

There is no written documentation specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

Management concurs, but has a limited staff available to accomplish complete separation of duties.

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

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

Listing of disbursements and management's representation that the listing is complete was obtained.

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

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

Examined supporting documentation for each of the 25 disbursements selected and found that a purchase order system is not utilized.

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

Examined supporting documentation for each of the 25 disbursements selected and found that a purchase order system is not utilized.

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

Examined supporting documentation for each of the 25 disbursements selected and found that a purchase order system is not utilized, but that approved invoices were utilized.

Management concurs, but with a limited staff does not feel a PO system is cost beneficial.

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

Written policies and procedures were obtained and did not address the functions noted above.

Management concurs, but has a limited staff available to accomplish complete separation of duties.

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

Written policies and procedures were obtained and did not address the functions noted above.

Management concurs, but has a limited staff available to accomplish complete separation of duties.

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

Written policies and procedures were obtained and did not address the functions noted above. Persons with signatory authority have access to unused checks.

Management concurs, and will begin locking up unused checks.

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

Signature stamp is utilized and is maintained under the control of the signer or is used only with the knowledge and consent of the signer as are signed checks. Checks are not maintained under control of the signer until mailed.

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

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

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained. Only one credit card exist.

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

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

Monthly statements were obtained and address the functions noted above.

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

No finance charges or fees were noted.

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

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

Monthly statements were obtained and address the functions noted above.

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

Monthly statements were obtained and address the functions noted above.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Travel and Expense Reimbursement

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

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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

Policies were obtained. No amounts listed exceed GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Written policies and procedures were obtained and address the function noted above.
No exceptions were noted.*

- b) Report whether each expense is supported by:

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

No exceptions noted.

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

No exceptions noted.

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

- *No exception noted.*

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

No exception noted.

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

No exception noted.

Contracts

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

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

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

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

No exceptions noted.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No noncompliance noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

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

No amendments noted.

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

No noncompliance noted.

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

Not applicable.

Payroll and Personnel

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

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

No exception noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

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

No exception noted.

Ethics (excluding nonprofits)

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

No exceptions noted.

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

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

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

Not applicable.

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

No outstanding debt noted.

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

Not applicable.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds or assets.

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

Required notices were posted on the entity's premises. Entity does not maintain a website.

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

No exceptions noted.

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

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control and 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.

J. Aaron Cozart, CPA, LLC

December 18, 2017