

**CITY COURT OF  
NATCHITOCHEs, LOUISIANA  
ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2018**

City Court of Natchitoches, Louisiana  
Financial Report  
December 31, 2018

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-3
Independent Accountant's Review Report	-	4-5
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	8
Statement of Activities	B	9
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	F	14
Statement of Fiduciary Net Position-Fiduciary Funds	G	15
Notes to Financial Statements	-	17-31
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	H-1	33
Budgetary Comparison Schedule-Building Fund	H-2	34
Schedule of Employer's Share of Net Pension Liability	I	35
Schedule of Employer Contributions	J	36
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	K	37
Supplementary Information		
Independent Accountant's Report on Applying Agreed-Upon Procedures	L	38-40
Louisiana Attestation Questionnaire	M	41-43

# CITY COURT OF NATCHITOCHEs, LOUISIANA

P. O. Box 70

Natchitoches, LA 71458-0070

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City Court of Natchitoches, Louisiana's (hereafter referred to as the City Court) annual financial report presents an overview and analysis of the City Court's financial activities for the year ended December 31, 2018. The intent of the MD&A is to look at the City Court's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the City Court's operations.

### Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City Court as a whole and presents a longer-term view of the City Court's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

#### Government-Wide Financial Statements

- The Statement of Net Position presents all of the City Court's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as "net position". Over time, increases or decreases in the City Court's net position may serve as a useful indicator of whether the financial position of the City Court is improving or deteriorating.
- The Statement of Activities presents information showing how the City Court's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

#### Fund Financial Statements

The services provided by the City Court are financed through governmental funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City Court conducts its day-to-day operations through governmental funds, the General Fund, and the Building Fund. These statements provide a short-term view of the City Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the City Court. The City Court also maintains a Fiduciary Fund, in which the funds are simply held for other parties and cannot be used for any of the City Court's activities, it is not included in the government-wide statement, but is separately reported in the statement of the Fiduciary Fund.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2018</u>	<u>2017</u>
ASSETS:		
Assets	\$ 78,206	\$ 93,970
Capital Assets, Net of		
Accumulated Depreciation	<u>335</u>	<u>2,396</u>
Total Assets	<u>\$ 78,541</u>	<u>\$ 96,366</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 19,413</u>	<u>\$ 41,295</u>
LIABILITIES:		
Accounts Payable	\$ 3,019	\$ 7,444
Payroll Liabilities	9,900	4,583
Net Pension Liability	<u>250,905</u>	<u>271,980</u>
Total Liabilities	<u>\$ 263,824</u>	<u>\$ 284,007</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 27,355</u>	<u>\$ 24,341</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 335	\$ 2,396
Unrestricted	<u>(193,560)</u>	<u>(173,083)</u>
NET POSITION	<u>\$ (193,225)</u>	<u>\$ (170,687)</u>

Summary of Statement of Activities

	<u>2018</u>	<u>2017</u>
REVENUES:		
Fees, Fines & Charges for Services	\$198,286	\$181,738
Other	187	33,012
Transfers In	<u>0</u>	<u>151,399</u>
Total Revenues	\$198,473	\$366,149
EXPENSES:		
Judicial Expense-	<u>\$221,011</u>	<u>\$425,824</u>
Change in Net Position	<u>\$ (22,538)</u>	<u>\$ (59,675)</u>

- The City Court's assets were less than its liabilities by \$193,225 (net position) for the year. For the prior year, this was \$170,687.
- Unrestricted net position is \$(193,560), this is a decrease of \$20,477 from prior year.

General Fund Budgetary Highlights

The operations of the City Court of Natchitoches are not affected by most economic conditions. The City Court derives its revenue solely from fees levied by the City Court.

Economic Factors and Next Year's Budget

The City Court's management considered many factors when setting the operating budget for the next fiscal year. As there are very minimal changes expected in the next fiscal year, the budget for FY 2019 should not change significantly from the FY 2018 budget.

Contacting the City Court

This financial report is designed to provide our citizens and creditors with a general overview of the City Court's finances and to show the City Court's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to City Court of Natchitoches, Clerk of Court at P. O. Box 70, Natchitoches, LA 71458-0070.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

**INDEPENDENT ACCOUNTANT’S REVIEW REPORT**

Honorable Fred S. Gahagan  
City Court of Natchitoches  
P. O. Box 70  
Natchitoches, Louisiana 71458-0070

We have reviewed the accompanying financial statements of the governmental activities, the major funds, fiduciary funds, and the aggregate remaining fund information of the City Court of Natchitoches (City Court) a component unit of the City of Natchitoches, Louisiana, as of and for the year ended December 31, 2018, which collectively comprise the City Court’s basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the City Court’s personnel. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**Management’s Responsibility for the Financial Statements**

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

**Accountant’s Responsibility**

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

## Other Matter Paragraphs

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules and the Schedule of Employer's share of Net Pension Liability and Schedule of Employer Contributions, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedules and the Schedule of Employer's share of Net Pension Liability and Schedule of Employer Contributions and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

The Management's Discussion and Analysis has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management. We have not audited or reviewed the management's discussion and analysis and accordingly, we do not express an opinion or any other form of assurance on it.

### *Other Reporting Requirements*

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated May 17, 2019, on the results of our agreed-upon procedures on page 38 through 40 and pages 41 through 43 present the Louisiana Attestation Questionnaire.

*Thomas, Cunningham, Broadway + Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier CPA's

May 17, 2019

Natchitoches, LA 71457

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana  
Statement of Net Position  
December 31, 2018

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 72,927
Revenue Receivable	<u>5,279</u>
Total Current Assets	\$ 78,206
Non-current Assets-	
Capital Assets (Net)	<u>335</u>
Total Assets	\$ <u>78,541</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred Pensions	\$ <u>19,413</u>
LIABILITIES:	
Current Liabilities-	
Payroll Liabilities	\$ 4,057
Accrued Payroll	5,843
Accounts Payable	<u>3,019</u>
Total Current Liabilities	\$ 12,919
Non-Current Liabilites-	
Net Pension Liability	<u>250,905</u>
Total Liabilities	\$ <u>263,824</u>
DEFERRED INFLOWS OF RESOURCES:	
Deferred Pensions	\$ <u>27,355</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 335
Unrestricted	<u>(193,560)</u>
Total Net Position	\$ <u>(193,225)</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana  
Statement of Activities  
December 31, 2018

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Judicial	<u>\$221,011</u>	<u>\$198,286</u>	<u>\$0</u>	\$ (22,725)
	General Revenues:			
	Miscellaneous			\$ <u>187</u>
	Change in Net Position			\$ (22,538)
	Net Position January 1, 2018			<u>(170,687)</u>
	Net Position December 31, 2018			<u>\$(193,225)</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana  
Balance Sheet-Governmental Funds  
December 31, 2018

	<u>Major Funds</u>		Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
	<u>General Fund</u>	<u>Building Fund</u>		
<b>Assets:</b>				
Cash & Cash Equivalents	\$47,478	\$2,744	\$22,705	\$72,927
Revenue Receivable	<u>1,695</u>	<u>3,584</u>	<u>0</u>	<u>5,279</u>
Total Assets	<u>\$49,173</u>	<u>\$6,328</u>	<u>\$22,705</u>	<u>\$78,206</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 2,436	\$ 583	\$ 0	\$ 3,019
Accrued Payroll	5,843	0	0	5,843
Payroll Liabilities	<u>4,057</u>	<u>0</u>	<u>0</u>	<u>4,057</u>
Total Liabilities	<u>\$12,336</u>	<u>\$ 583</u>	<u>\$ 0</u>	<u>\$12,919</u>
<b>Fund Balance:</b>				
Restricted	\$ 0	\$5,745	\$22,705	\$28,450
Unassigned	<u>36,837</u>	<u>0</u>	<u>0</u>	<u>36,837</u>
Total Fund Balance	<u>\$36,837</u>	<u>\$5,745</u>	<u>\$22,705</u>	<u>\$65,287</u>
Total Liabilities and Fund Balance	<u>\$49,173</u>	<u>\$6,328</u>	<u>\$22,705</u>	<u>\$78,206</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
December 31, 2018

Total Fund Balance of the Governmental Funds	\$ 65,287
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Capital Assets	92,766
Less, Accumulated Depreciation	(92,431)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	
	19,413
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
Net Pension Liability	(250,905)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet-	
	<u>(27,355)</u>
Net Position of Governmental Activities	<u><u>\$(193,225)</u></u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Governmental Funds  
Year Ended December 31, 2018

	<u>Major Funds</u>		Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
	<u>General Fund</u>	<u>Building Fund</u>		
REVENUES:				
Fees, Fines & Charges for Services	\$176,280	\$22,006	\$ 0	\$198,286
Miscellaneous	<u>13</u>	<u>0</u>	<u>174</u>	<u>187</u>
Total Revenues	<u>\$176,293</u>	<u>\$22,006</u>	<u>\$ 174</u>	<u>\$198,473</u>
EXPENDITURES:				
Current-				
Judicial-				
Salaries & Benefits	\$166,503	\$ 0	\$ 0	\$166,503
Operating	<u>30,682</u>	<u>17,944</u>	<u>0</u>	<u>48,626</u>
Total Expenditures	<u>\$197,185</u>	<u>\$17,944</u>	<u>\$ 0</u>	<u>\$215,129</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (20,892)	\$ 4,062	\$ 174	\$ (16,656)
Fund Balance-Beginning of Year	<u>57,729</u>	<u>1,683</u>	<u>22,531</u>	<u>81,943</u>
Fund Balance-End of Year	<u>\$ 36,837</u>	<u>\$ 5,745</u>	<u>\$22,705</u>	<u>\$ 65,287</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
for the Year Ended December 31, 2018

Total Net Change in Fund Balance at December 31, 2018, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(16,656)
The Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:	
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	(2,061)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the Fund Financial Statements. These include a net change in-	
Pension Expense	<u>(3,821)</u>
Change in Net Position, per Statement of Activities	<u>\$(22,538)</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2018

	<u>Agency Funds</u>
Assets:	
Cash	<u>\$130,709</u>
Liabilities:	
Unsettled Deposits	<u>\$130,709</u>

See accompanying notes and independent accountant's review report.

## NOTES TO FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

Introduction:

As provided by Louisiana Revised Statute 13:1952, the City Court administers the City Court system of the City of Natchitoches, Louisiana. The City Court is directed by the City Judge, who is elected to a term of six years.

The accounting and reporting policies of the City Court of Natchitoches conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517.

1. Summary of Significant Accounting Policies:

The accompanying basic financial statements of the City Court of Natchitoches, Louisiana, have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Pronouncements.

A. Reporting Entity-

As the governing authority of the city, for reporting purposes, the City of Natchitoches is the financial reporting entity for the City of Natchitoches. The financial reporting entity consists of (a) the primary government (City of Natchitoches), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Natchitoches for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the City to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

Because of item 2 above, the City Court of Natchitoches, was determined to be a component unit of the City of Natchitoches, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the City Court and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the government-type activities on a consolidated basis, and is 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 Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The financial statements of the City Court are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds are classified into two categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City Court or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

The funds of the City Court are described below:

Governmental Funds-

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund-

Agency Funds

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

The City Court considers the following funds to be major:

Governmental Funds-

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

Building Fund-The Building Fund is used to account for the collection of fees as authorized by Louisiana Statute R.S. 13:1910. These funds are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of a new or existing City Court building and for the maintenance and payment of any bond indebtedness on any such existing facilities.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the City Court as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City Court considers all revenues “available” if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the City Court.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated 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 maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

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 range of useful lives by type of asset is as follows:

Furniture, computers, office equipment	5 years
--	---------

Compensated Absences-

Employees of the City Court do not accrue or “carry forward” vacation or sick leave, therefore no entry is made to record compensated absences.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

Equity Classifications-

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

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

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

The General Fund has an unassigned fund balance of \$36,837. If applicable, the City Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the City Court of Natchitoches, Louisiana adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

G. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reported period. Actual results could differ from those estimates.

H. Pensions-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. See Note 5, for more information on the retirement system.

I. Deferred Outflows/Inflows of Resources-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

2. Cash and Cash Equivalents:

The cash and cash equivalents of the City Court of Natchitoches, Louisiana were subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City Court will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City Court's name.

Bank account balances at December 31, 2018, totaled \$333,913, and were fully secured by FDIC Insurance and pledged securities.

3. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2018, is as follows:

Governmental Activities	Balance <u>01-01-18</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-18</u>
Capital Assets:				
Furniture, computers, equipment	\$92,766	\$ 0	\$0	\$92,766
Less: Accumulated Depreciation:				
Furniture, computers, equipment	<u>90,370</u>	<u>2,061</u>	<u>0</u>	<u>92,431</u>
Net Capital Assets	<u>\$ 2,396</u>	<u>\$(2,061)</u>	<u>\$0</u>	<u>\$ 335</u>

Depreciation expense of \$2,061 was charged to the judicial function.

4. Changes in Fiduciary Fund – Agency Funds:

The following is a summary of changes in agency fund unsettled balances for the year ended December 31, 2018:

Fund	Balance <u>01-01-18</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12-31-18</u>
Civil	<u>\$92,399</u>	<u>\$235,970</u>	<u>\$197,660</u>	<u>\$130,709</u>

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

5. Pension Plan:

*Plan Description*

The City Court contributes to LASERS which is a cost-sharing multiple employer defined benefit pension plan. All full-time administrative employees are required to participate in the System. Excluded by law are independent contractors and certain other non-employee relationships. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.laseronline.org](http://www.laseronline.org).

*Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006 may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 1, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits throughout their life, with certain benefits being paid to their designated beneficiary after their death.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

### **Deferred Benefits**

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.

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

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.

### **Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

### **Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 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 aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

### **Permanent Benefit Increases/Cost-of-Living Adjustments**

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

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

*Contributions*

The employer contribution rate is established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2018 were as follows:

<u>Plan</u>	<u>Plan Status</u>	<u>Employer Contribution Rate</u>
Appellate Law Clerks	Closed	37.90%
Appellate Law Clerks hired on or after 7/1/06	Open	37.90%
Alcohol Tobacco Control	Closed	32.70%
Bridge Police	Closed	36.50%
Bridge Police hired on or after 7/1/06	Closed	36.50%
Corrections Primary	Closed	33.20%
Corrections Secondary	Closed	37.60%
Harbor Police	Closed	6.10%
Hazardous Duty	Open	38.30%
Judges hired before 1/1/2011	Closed	40.10%
Judges hired after 12/31/2010	Closed	39.60%
Judges hired on or after 7/1/15	Open	39.60%
Legislators	Closed	41.70%
Optional Retirement Plan (ORP)		
Hired before 7/1/06	Closed	37.90%
Hired on or after 7/1/06	Closed	37.90%
Peace Officers	Closed	36.70%
Regular Employees		
Hired before 7/1/06	Closed	37.90%
Hired on or after 7/1/06	Closed	37.90%
Hired on or after 1/1/2011	Closed	37.90%
Hired on or after 7/1/15	Open	37.90%
Special Legislative Employees	Closed	43.70%
Wildlife Agents	Closed	46.60%
<b>Aggregate Rate</b>		<b>37.80%</b>

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

The City Court's contractually required composite contribution rate for the year ended June 30, 2018 was 40.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City Court were \$27,929 for the year ended December 31, 2018.

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

At December 31, 2018, the City Court reported a liability of \$250,905 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City Court's proportion of the Net Pension Liability was based on a projection of the City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City Court's proportion was .003680%, which was a decrease of .00018% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City Court recognized pension expense of \$20,484 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$3,056.

At December 31, 2018, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 2,814
Changes in assumption	2,553	0
Net difference between projected and actual earnings on pension plan investments	3,253	0
Changes in employer's proportion of beginning net pension liability	0	11,000
Differences between employer contributions and proportionate share of employer contributions	0	13,541
Subsequent Measurement Contributions	13,607	0
Total	\$19,413	\$27,355

The deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date in the amount of \$13,607, will be recognized as a reduction of the Net Pension Liability in the year December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (8,720)
2020	(5,778)
2021	(6,132)
2022	(919)
Total	\$(21,549)

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

*Actuarial Assumptions*

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

Valuation Date	June 30, 2018																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining Service Lives	3 years.																		
Investment Rate of Return	7.65% per annum.																		
Inflation Rate	2.75% 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 projection for mortality improvement.																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.																		
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:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.8%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.8%</td> <td style="text-align: center;">5.3%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.4%</td> <td style="text-align: center;">14.3%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.8%	12.8%	Judges	2.8%	5.3%	Corrections	3.4%	14.3%	Hazardous Duty	3.4%	14.3%	Wildlife	3.4%	14.3%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.8%	12.8%																	
Judges	2.8%	5.3%																	
Corrections	3.4%	14.3%																	
Hazardous Duty	3.4%	14.3%																	
Wildlife	3.4%	14.3%																	
Cost of Living Adjustments	The present 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.																		

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

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 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 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	-0.48%
Domestic equity	4.31%
International equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Investments	7.67%
Global Asset Allocation	4.96%
Total	5.40%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan'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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City Court's proportionate share of the Net Pension Liability using the discount rate of 7.65%, as well as what the City Court's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.65%) or one percentage-point higher (8.65%) than the current rate:

	1.0% Decrease (6.65%)	Current Discount Rate (7.65%)	1.0% Increase (8.65%)
Employer's proportionate share of net pension liability	\$316,659	\$250,905	\$194,275

City Court of Natchitoches, Louisiana  
Notes to Financial Statements  
December 31, 2018

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

*Payables to the Pension Plan*

These financial statements include a payable to the pension plan of \$2,393, which is the legally required contribution due at December 31, 2018. This amount is recorded in accrued expenses.

6. Expenses Paid by Other Governmental Units:

The Clerk of City Court is paid by the City of Natchitoches, and the Natchitoches Parish Government. All other employees of the City Court, with the exception of the Judge, are paid by the City Court and the City of Natchitoches.

7. Subsequent Events:

Management has evaluated events through May 17, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

City Court of Natchitoches, Louisiana  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Fines, Fees & Charges for Services	\$235,000	\$191,351	\$186,322*	\$ (5,029)
Miscellaneous	<u>0</u>	<u>0</u>	<u>13</u>	<u>13</u>
Total Revenues	<u>\$235,000</u>	<u>\$191,351</u>	<u>\$186,335</u>	<u>\$ (5,016)</u>
EXPENDITURES:				
Current-				
Judicial-				
Salaries & Benefits	\$178,699	\$191,370	\$166,503	\$24,867
Operating	<u>54,796</u>	<u>29,002</u>	<u>30,682</u>	<u>(1,680)</u>
Total Expenditures	<u>\$233,495</u>	<u>\$220,372</u>	<u>\$197,185</u>	<u>\$23,187</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 1,505	\$ (29,021)	\$ (10,850)	\$18,171
Fund Balance-Beginning of Year	<u>57,729</u>	<u>57,729</u>	<u>57,729</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 59,234</u>	<u>\$ 28,708</u>	<u>\$ 46,879</u>	<u>\$18,171</u>

\*Note: Client's budgeted revenue did not include audit accruals. In order to report amounts on same basis, we have removed accruals.

See independent accountant's review report.

City Court of Natchitoches, Louisiana  
Building Fund  
Budgetary Comparison Schedule  
For the Year Ended December 31, 2018

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for Services	\$21,000	\$19,452	\$22,006	\$2,554
EXPENDITURES:				
Current- Judicial- Operating	<u>20,709</u>	<u>18,515</u>	<u>17,944</u>	<u>571</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 291	\$ 937	\$ 4,062	\$3,125
Fund Balance-Beginning of Year	<u>1,683</u>	<u>1,683</u>	<u>1,683</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,974</u>	<u>\$ 2,620</u>	<u>\$ 5,745</u>	<u>\$3,125</u>

See independent accountant's review report.

City Court of Natchitoches, Louisiana  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended December 31, 2018

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>Louisiana State Employees' Retirement System</i>					
2015	.00319%	\$216,968	\$67,717	320%	62.7%
2016	.00397%	\$311,825	\$66,926	466%	57.7%
2017	.00386%	\$271,980	\$69,113	394%	62.5%
2018	.00368%	\$250,905	\$69,649	360%	62.5%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended December 31, 2018.

See independent accountant's review report.

City Court of Natchitoches, Louisiana  
Schedule of Employer Contributions  
For the Year Ended December 31, 2018

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
<i>Louisiana State Employees' Retirement System</i>					
2015	\$26,909	\$26,909	\$0	\$67,717	39.7%
2016	\$25,499	\$25,499	\$0	\$66,926	38.1%
2017	\$26,942	\$26,942	\$0	\$69,113	39.0%
2018	\$27,929	\$27,929	\$0	\$69,649	40.1%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended December 31, 2018.

See independent accountant's review report.

City Court of Natchitoches, Louisiana  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2018

Agency Head Name: Fred Gahagan, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 70,990
Benefits-Insurance	0
Benefits-Retirement	36,630
Deferred Compensation	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Cell phone	817
Dues	350
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$108,787</u>

See independent accountant's review report.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation  
Roger M. Cunningham, CPA – A Professional Corporation  
Jessica H. Broadway, CPA – A Professional Corporation  
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447  
[www.tcbtcpa.com](http://www.tcbtcpa.com)

**INDEPENDENT ACCOUNTANT’S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Fred S. Gahagan  
City Court of Natchitoches  
P. O. Box 70  
Natchitoches, Louisiana 71458-0070

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the City Court of Natchitoches, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management’s assertions about the City Court of Natchitoches, Louisiana’s compliance with certain laws and regulations during the year ended December 31, 2018, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**PUBLIC BID LAW**

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$154,200, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

**CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1624 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the requested list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No instances that would fall under the above circumstances were found.

#### BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budgets. There was one amendment to the budget during the year.

6. Trace the budget adoption to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Both actual revenues and expenditures for the year were within the 5% variance allowed.

#### ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities:

All payments examined were properly approved by the proper authorities.

#### MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Not applicable.

## DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

## ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Inspected payroll records for the year and noted no instances in which payments to employees would constitute bonuses, advances or gifts.

Our prior year report, dated May 11, 2018, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of City Court of Natchitoches, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's

May 17, 2019  
Natchitoches, Louisiana

NATCHITOCHEs CITY COURT  
LOUISIANA ATTESTATION QUESTIONNAIRE

Thomas, Cunningham, Broadway & Todtenbier CPA's  
321 Bienville Street  
Natchitoches, LA 71457

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2018 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes  No

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes  No

#### Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes  No

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No

#### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No

#### Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes  No

#### General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes  No

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes  No

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes  No

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes  No

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes  No

Signed by and title Fred S. Cahagan  
Fred S. Cahagan