

**Springhill City Court
Springhill, Louisiana**

**A Component Unit of the City of Springhill, Louisiana
Annual Financial Statements**

As of June 30, 2019

Springhill City Court
Springhill, Louisiana
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Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information shown on pages 25-28, the Schedule of Proportionate Share of Net Pension Liability on page 29, and the Schedule of Contributions on page 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted 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 Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springhill City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on page 31 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on page 31 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of Springhill City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Springhill City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springhill City Court's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 19, 2019

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Net Position
Governmental Activities
June 30, 2019

ASSETS

Cash and cash equivalents	\$	28,266
Investments		8,500
Receivables		6,340
Capital assets (net)		2,414
Total assets		45,520

DEFERRED OUTFLOWS OF RESOURCES

Pension related		8,953
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LIABILITIES

Accounts payable		2,510
Accrued expenses		2,796
Total liabilities		5,306

NET POSITION

Net investment in capital assets		2,414
Restricted for:		
Witness fees		31,408
Probation		4,807
Juvenile probation		1,078
Unrestricted		9,460
Total net position	\$	49,167

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	Functions / Programs				
	Total	Judicial	Witness	Probation	Juvenile Probation
<u>GOVERNMENTAL ACTIVITIES</u>					
Expenses:					
Salaries	\$ 239,403	\$ 239,403	\$	\$	\$
Employee benefits	5,763	5,763			
Office expense	15,695	15,695			
Travel and other charges	17,685	17,685			
Professional fees	19,891	19,891			
Other	955			931	24
Witness fees	2,500		2,500		
Restitution	585				585
Depreciation expense	1,724	1,724			
Total expenses	<u>304,201</u>	<u>300,161</u>	<u>2,500</u>	<u>931</u>	<u>609</u>
Program revenues:					
Charges for services - finances and fees	107,695	71,157	2,496	28,855	5,187
Operating grants and contributions	186,758	186,758			
Net program revenue (expenses)	<u>(9,748)</u>	<u>(42,246)</u>	<u>(4)</u>	<u>27,924</u>	<u>4,578</u>
General revenues:					
Miscellaneous revenues	1,115				
Interest income	54				
Total general revenues	<u>1,169</u>				
Change in net position	(8,579)				
Net position - beginning	<u>57,746</u>				
Net position - ending	<u>\$ 49,167</u>				

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Assets					
Cash and cash equivalents	\$	\$ 22,531	\$ 4,691	\$ 1,044	\$ 28,266
Investments		8,500			8,500
Receivables	6,340				6,340
Due from other funds		377	116	34	527
Total assets	\$ 6,340	\$ 31,408	\$ 4,807	\$ 1,078	\$ 43,633
Liabilities					
Accounts payable	\$ 2,510	\$	\$	\$	\$ 2,510
Accrued expenses	2,796				2,796
Due to other funds	527				527
Total liabilities	5,833				5,833
Fund Balance					
Restricted		31,408	4,807	1,078	37,293
Unassigned	507				507
Total fund balances	507	31,408	4,807	1,078	37,800
Total liabilities and fund balances	\$ 6,340	\$ 31,408	\$ 4,807	\$ 1,078	

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 funds. 2,414

Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are not available in the fund statements.

Deferred outflows - pension related 8,953

Net Position of Governmental Activities **\$ 49,167**

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds				Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Revenues:					
Fines	\$ 36,678	\$ 2,496	\$ 28,855	\$ 5,187	\$ 73,216
Court costs	34,479				34,479
Other fees	1,115				1,115
Intergovernmental					
On-behalf payments	153,443				153,443
Other	33,315				33,315
Interest income	32	22			54
Total revenues	<u>259,062</u>	<u>2,518</u>	<u>28,855</u>	<u>5,187</u>	<u>295,622</u>
Expenditures:					
Current:					
General government					
Salaries	85,960				85,960
Employee benefits	14,716				14,716
On-behalf payments	153,443				153,443
Office expense	15,695				15,695
Travel and other charges	17,685				17,685
Professional fees	19,891				19,891
Witness fees		2,500			2,500
Restitution				585	585
Other			931	24	955
Total expenditures	<u>307,390</u>	<u>2,500</u>	<u>931</u>	<u>609</u>	<u>311,430</u>
Excess (deficiency) of revenues over expenditures	<u>(48,328)</u>	<u>18</u>	<u>27,924</u>	<u>4,578</u>	<u>(15,808)</u>
Other financing sources (uses):					
Transfers in	53,369				53,369
Transfers out			(40,469)	(12,900)	(53,369)
Total other financing sources (uses)	<u>53,369</u>		<u>(40,469)</u>	<u>(12,900)</u>	
Net change in fund balances	5,041	18	(12,545)	(8,322)	(15,808)
Fund balances at beginning of year	<u>(4,534)</u>	<u>31,390</u>	<u>17,352</u>	<u>9,400</u>	<u>53,608</u>
Fund balances at end of year	<u>\$ 507</u>	<u>\$ 31,408</u>	<u>\$ 4,807</u>	<u>\$ 1,078</u>	<u>\$ 37,800</u>

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2019

Net change in fund balances - total governmental fund \$ (15,808)

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.
This is the amount by which depreciation (\$1,724) exceeded
capital outlay (\$0) in the current period. (1,724)

Some expenses reported in the statement of activities do not require
the use of current financial resources and therefore are not reported as
expenditures in the funds.

Pension expense 8,953

Change in net position of governmental activities \$ (8,579)

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Fiduciary Net Position
Agency Funds
June 30, 2019

Assets	
Cash and cash equivalents	<u>\$ 53,288</u>
Total assets	<u><u>\$ 53,288</u></u>
Liabilities	
Unsettled deposits	<u>\$ 53,288</u>
Total liabilities	<u><u>\$ 53,288</u></u>

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019

Introduction

The Springhill City Court (the Court) was created under the authority of Louisiana Revised Statute 13:1872. Its jurisdiction extends throughout all of Ward Two of Webster Parish. Court expenses such as payroll and related costs, maintenance, utilities, etc., are paid through the General Fund of the City of Springhill (the City). There are certain funds collected by the Court, pursuant to state statute, which are under the control of the Court and are reported in the accompanying financial statements. The Court pays supplemental salaries to its employees from these funds. These financial statements account for all activities of the Court not funded by the City.

(1) Summary of Significant Audit Policies

A. Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Court are discussed below

B. Reporting Entity

The City Judge is an independently elected official; however, the Court is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Court's office is located. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the 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.

C. Fund Accounting

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the Court are classified into two categories: governmental funds and fiduciary (agency) funds. These funds are described as follows:

Governmental Funds

Governmental funds account for all or most of the Court'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

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

period programs or operations of the Court. For the year ended June 30, 2019, the City Court's major funds were the general fund, witness fund, and probation fund.

A description of the courts funds is as follows:

General Fund - The General Fund is the general operating fund of the Court. The Court's share of court costs assessed by City Court, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Witness Fund – This fund is used to account for witness fees received that are legally restricted for the payment of witness fees.

Probation Fund – This fund is used to account for probation fees collected that are legally restricted for the administration and operation of the probation department.

Juvenile Probation Fund - This fund is used to account for juvenile probation fees and restitution collected that are legally restricted for the administration and operation of the juvenile probation department and the payment of restitution.

Fiduciary Funds

The only funds accounted for in this category by the Court are agency funds. The Civil, Fines and Bonds, and Worthless Check agency funds account for assets held by the Court as an agent for others pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

Revenues

Recordings, cancellations, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when susceptible to accrual.

Substantially all other revenues are recorded when received by the Court.

Based on the above criteria, recordings, criminal costs, and other fees, charges, and commissions for service are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Court.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the non-fiduciary activities of the Court. Information contained in these columns reflects 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).

Program Revenues – Program revenues included in the Statement of Activities are derived directly from Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

E. Cash and Cash Equivalents

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

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment	5 – 7 years
Office equipment	5 – 7 years

G. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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.

I. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the court or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Court's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

J. Pensions

The Springhill City Court Judge is a member of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan, as described in Note 12. The plan utilizes the accrual basis of accounting. 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 plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

K. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the judge (the court's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judge removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the judges' intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balances are the residual classification for the Court's general fund and include all spendable amounts not contained in the other classifications.

The Court's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate **section** for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Court currently has deferred outflows of resources related to pensions in the government-wide statement of net position.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Court has no transactions that meet the definition of deferred inflows of resources.

M. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Budget

The proposed budget for the year ended June 30, 2019 was adopted on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2019.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(3) Cash, Cash Equivalents, and Investments

At June 30, 2019, the Court has cash, cash equivalents, and investments (book balances) totaling \$90,054 as follows:

A. Cash and cash equivalents:

Governmental Funds:	
Witness Fee Fund	\$ 22,531
Probation Fund	4,691
Juvenile Probation Fund	<u>1,044</u>
Total Governmental Funds	<u>28,266</u>
Fiduciary (Agency) Funds:	
Civil Fund	38,822
Fines Fund	10,845
Worthless Check Fund	<u>3,621</u>
Total Fiduciary (Agency) Funds	<u>53,288</u>
Total – All Funds	<u>\$ 81,554</u>

These deposits with financial institutions are stated at cost, which approximates market value. At June 30, 2019, the carrying amount of the Court's deposits was \$81,554, and the collected bank balance was \$102,038. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

B. Investments

At June 30, 2019, the court held a certificate of deposit totaling \$8,500 in the Witness Fund. The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2019, consisted of certificates of deposit with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances of \$110,538 were protected by federal depository insurance.

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

Credit Risk: The Court's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

(4) Expenditures of the Court paid by the City

The Court's administrative office is located in a building owned by the City. The costs of maintaining and operating the building, as required by statute, are paid by the City government and are not included in the accompanying financial statements.

(5) On-Behalf Payments for Salaries, Fringe Benefits and Other Expenses

The Court reports in the financial statement on-behalf salary, fringe benefit, and other expense payments made to the Court and its employees by the City of Springhill, the Webster Parish Police Jury, and the State of Louisiana. The State of Louisiana contributes pension amounts to the Louisiana State Employees' Retirement System on-behalf of Judge John B. Slattery. For the year ended June 30, 2019, the City of Springhill, Webster Parish Police Jury, and the State of Louisiana made supplementary salary, benefit, and other expense payments totaling approximately \$153,443 to the court and its employees.

(6) Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Governmental Activities:				
Computer equipment and software	\$ 26,674	\$	\$	\$ 26,674
Office equipment	18,390	_____	_____	18,390
Totals at historical cost	<u>45,064</u>	_____	_____	<u>45,064</u>
Less accumulated depreciation				
Computer equipment and software	(22,880)	(1,449)	_____	(24,329)
Office equipment	(18,046)	(275)	_____	(18,321)
Total accumulated depreciation	<u>(40,926)</u>	<u>(1,724)</u>	_____	<u>(42,650)</u>
Governmental activities capital assets, net	<u>\$ 4,138</u>	<u>\$ (1,724)</u>	<u>\$ _____</u>	<u>\$ 2,414</u>

Depreciation expense for the year ended June 30, 2019, totaled \$1,724 and was charged to the general fund.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(7) Leases

The Court leases a copier under an operating lease. Rental costs on the lease for the year ended June 30, 2019 totaled \$1,216. There are no commitments under non-cancelable lease agreements at June 30, 2019.

(8) Interfund Transfers

Interfund transfers for the year ended June 30, 2019 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
General	\$ 53,369	\$
Probation Fund		40,469
Juvenile Probation Fund		12,900
	<u>\$ 53,369</u>	<u>\$ 53,369</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(9) Interfund Balances

Interfund balances at June 30, 2019 consisted of the following:

	<u>Due To Other Fund</u>	<u>Due From Other Fund</u>
Governmental Funds:		
General	\$ 527	\$
Witness Fund		377
Probation Fund		116
Juvenile Probation Fund		34
	<u>\$ 527</u>	<u>\$ 527</u>

(10) Changes in Agency Fund Balance

A summary of changes in agency fund unsettled deposits follows:

	<u>Civil Fund</u>	<u>Fines Fund</u>	<u>Worthless Check Fund</u>	<u>Total</u>
Balance at June 30, 2018	\$ 36,311	\$ 5,135	\$ 3,621	\$ 45,067
Additions	111,256	177,384		288,640
Reductions	(108,745)	(171,674)		(280,419)
Balance at June 30, 2019	<u>\$ 38,822</u>	<u>\$ 10,845</u>	<u>\$ 3,621</u>	<u>\$ 53,288</u>

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

(11) Retirement System

The Springhill City Judge participates in the Louisiana State Employees' Retirement System (LASERS or the System), a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries.

Plan Description

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. 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 Benefits

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 members' 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 or at age 60 upon completing five to ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 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 members' 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 members' 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 under any one of six different options providing for reduced retirement benefits payable throughout their life with certain benefits being paid to their designated beneficiary after their death.

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.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

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 a 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 members' 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 Systems' 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.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

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 members' compensation and their relationship to the deceased. 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 aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Employer Contributions

The employer contribution rate is established annually under Louisiana Revised Statute 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, are as follows:

Plan	Plan Status	Employee Rate	Employer Rate
Judges hired before 1/1/2011	Closed	11.5%	40.10%
Judges hired after 12/31/2010	Closed	13.0%	39.6%
Judges hired on or after 7/1/15	Open	13.0%	39.6%

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

The Court's contractually required contribution rate for the year ended June 30, 2019, 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. The Court's contributions to the System for the years ended June 30, 2019, 2018, and 2017 were \$8,953, \$0, and \$0, respectively. Included in accrued expenses at June 30, 2019, is \$985 of employer contributions due for the month of June 30, 2019.

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

At June 30, 2019, the Court did not report a liability for its proportionate share of the net pension liability. There is only one employee participating in LASERS, and the employee was participating in the DROP program from September 2015 through August 2018.

At June 30, 2019, the Court reported a total of \$8,953 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability in the year ended June 30, 2020.

Actuarial Methods and 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 judges ranged from a lower range of 2.8% to an upper range of 5.3%.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

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.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates 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 System's target asset allocation as of June 30, 2018 are summarized in the following table:

Expected Long Term Real Rates of Return

<u>Asset Class</u>	<u>2018</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%
Risk Parity	4.96%
Total Fund	5.40%

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 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 active and inactive 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.

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2018 were recognized as pension expense or benefit in the current reporting period except as follows:

Differences between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2019
(Continued)

Changes in Actuarial Assumptions:

Changes in actuarial assumptions related to inflation and salary factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Pension Plans Fiduciary Net Positions

Detailed information about the LASERS fiduciary net positions is available in a stand-alone audit report on their financial statements for the year ended June 30, 2018. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov and the System's website, <http://www.lasersonline.org/site.php>.

(12) Accrued Expenses

Accrued expenses at June 30, 2019, consisted of payroll taxes and benefits payable in the amount of \$2,796.

(13) Subsequent Events

Subsequent events have been evaluated through December 19, 2019, the date the financial statements were available to be issued.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and court costs	\$ 81,300	\$ 65,650	\$ 71,157	\$ 5,507
Interest income	31	31	32	1
Intergovernmental	4,800	33,000	27,105	(5,895)
Miscellaneous	1,100	1,100	1,115	15
Total revenues	<u>87,231</u>	<u>99,781</u>	<u>99,409</u>	<u>(372)</u>
Expenditures:				
General government:				
Accounting	3,500	20,000	19,891	109
Dues	1,600	1,400	600	800
Library	3,300	3,900	3,869	31
Office expense	11,200	9,100	10,121	(1,021)
Other	6,060			
Salaries	90,050	85,000	85,960	(960)
Retirement		7,200	7,968	(768)
Taxes - payroll	5,254	5,254	5,763	(509)
Telephone	1,825	1,825	1,845	(20)
Travel, seminars, and meetings	14,800	17,000	17,085	(85)
Total expenditures	<u>137,589</u>	<u>150,679</u>	<u>153,102</u>	<u>(2,423)</u>
Excess of revenues over expenditures	(50,358)	(50,898)	(53,693)	(2,795)
Other financing sources (uses):				
Transfers in	52,000	57,600	53,369	(4,231)
Total other financing sources (uses)	<u>52,000</u>	<u>57,600</u>	<u>53,369</u>	<u>(4,231)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,642	6,702	(324)	(7,026)
Fund balance at beginning of year	<u>2,310</u>	<u>(3,935)</u>	<u>(3,935)</u>	
Fund balance at end of year	<u>\$ 3,952</u>	<u>\$ 2,767</u>	<u>\$ (4,259)</u>	<u>\$ (7,026)</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Witness Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Fines and court costs	\$ 3,000	\$ 2,200	\$ 2,496	\$ 296
Interest	20	20	22	2
Total revenues	<u>3,020</u>	<u>2,220</u>	<u>2,518</u>	<u>298</u>
Expenditures:				
General government:				
Witness fees	<u>2,900</u>	<u>2,600</u>	<u>2,500</u>	<u>100</u>
Total expenditures	<u>2,900</u>	<u>2,600</u>	<u>2,500</u>	<u>100</u>
Excess of revenues over expenditures	120	(380)	18	398
Fund balance at beginning of year	<u>21,621</u>	<u>31,390</u>	<u>31,390</u>	
Fund balance at end of year	<u>\$ 21,741</u>	<u>\$ 31,010</u>	<u>\$ 31,408</u>	<u>\$ 398</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Probation Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other fees and restitution	\$ 36,000	\$ 28,000	\$ 28,855	\$ 855
Total revenues	<u>36,000</u>	<u>28,000</u>	<u>28,855</u>	<u>855</u>
Expenditures:				
General government:				
Office expense	490	935	931	4
Total expenditures	<u>490</u>	<u>935</u>	<u>931</u>	<u>4</u>
Excess of revenues over expenditures	35,510	27,065	27,924	859
Other financing sources (uses):				
Transfers out	(44,000)	(43,600)	(40,469)	3,131
Total other financing sources (uses)	<u>(44,000)</u>	<u>(43,600)</u>	<u>(40,469)</u>	<u>3,131</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,490)	(16,535)	(12,545)	3,990
Fund balance at beginning of year	<u>15,098</u>	<u>17,352</u>	<u>17,352</u>	
Fund balance at end of year	<u>\$ 6,608</u>	<u>\$ 817</u>	<u>\$ 4,807</u>	<u>\$ 3,990</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2019

Budget comparison statements included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2019. The Court's budgets are prepared on the cash basis of accounting for all funds. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Witness Fund</u>	<u>Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$(324)	\$ 18	\$(12,545)
Adjustments:			
Revenue accruals – net	6,210		
Expenditure accruals – net	<u>(845)</u>		
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 5,041</u>	<u>\$ 18</u>	<u>\$(12,545)</u>

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2019

Louisiana State Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	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
2019	0.000000%	\$ 0	\$ 0	0.00%	0.00%
2018	0.000000%	0	0	0.00%	0.00%
2017	0.000000%	0	0	0.00%	0.00%
2016	0.001870%	126,916	43,946	288.80%	62.70%
2015	0.001890%	118,055	43,946	268.64%	65.00%

*Amounts presented were determined as of the measurement date.

There is only one employee participating in the Louisiana State Employees Retirement System. That employee was on DROP from September 2015 through August 2018.

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2019

Louisiana State Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 8,953	\$ 8,953	\$ 0	\$ 22,326	40.10%
2018	0	0	0	0	0.00%
2017	0	0	0	0	0.00%
2016	1,902	1,902	0	4,992	38.10%
2015	18,237	18,237	0	43,946	41.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

There is only one employee participating in the Louisiana State Employees Retirement System. That employee was on DROP from September 2015 through August 2018.

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Compensation, Benefits, and other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head: John B. Slattery, Judge

SECTION I

Paid by the City of Springhill City Court

Purpose	<u>Amount</u>
Salary	\$ 27,908
Benefits - retirement	8,953
Hotel	4,763
Mileage	2,580
Per Diem	2,165
Registration Fees	2,470
Miscellaneous reimbursements	194

SECTION II

Paid by the City of Springhill

Purpose

Salary	9,528
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Paid by Webster Parish Police Jury

Purpose

Salary	4,800
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COOK & MOREHART

Certified Public Accountants

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CERTIFIED PUBLIC ACCOUNTANTS

STUART L. REEKS, CPA
J. PRESTON DELAUNE, CPA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditors' Report

John B. Slattery
Springhill City Court Judge
Springhill City Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

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

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

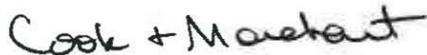
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart
Certified Public Accountants
December 19, 2019

Springhill City Court
Springhill, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2019

There was one finding for the prior year audit ended June 30, 2018, as follows:

2018-001 Finding

Finding: The Court did not amend its budget for the General Fund and Witness Fund in accordance with the Local Government Budget Act. Total revenues and other financing sources for the General Fund were less than budgeted amounts by more than five percent for the year ended June 30, 2018. Total expenditures and other financing uses for the Witness fund exceeded budgeted amounts by more than five percent for the year ended June 30, 2018.

Recommendation: We recommend that the Court monitor its budget throughout the year and appropriately amend the budget when actual plus projected expenditures and other financing uses are expected to exceed budgeted amounts by five percent or more and when actual plus projected revenues and other financing sources are expected to be less than budgeted amounts by five percent or more.

Current Status: No finding noted in current year audit.

Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2019

There are no findings for the current year audit for the year ended June 30, 2019.

COOK & MOREHART

Certified Public Accountants

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Judge John B. Slattery, Jr.

Springhill City Court
Springhill, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Springhill City Court (Court), and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures Year 3 (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Springhill City Court's (Court) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) Continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Court provided written policies and procedures addressing all of the above.

Board (or Finance Committee, if applicable)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to the Court's judge is an independently elected official and is not required to have board or finance committee meetings.

Bank Reconciliations

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
Management provided the requested information, along with management's representation that the listing is complete.
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Management provided the requested information, along with management's representation that the listing was complete. Employees responsible for cash collections do not share cash drawers/registers, are not responsible for preparing/making bank deposits, and are not responsible for posting collections entries to the general ledger. The employee responsible for reconciling cash collections to the general ledger by revenue source is not responsible for collecting cash.

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

All employees who have access to cash are covered by a blanket insurance policy.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

The deposits selected for testing contained sequentially pre-numbered receipts, receipts were traced to the deposit slip, the deposit slip total was located on the bank statement, the deposit was made within one week, and the actual deposit was traced to the general ledger, except as noted below:

Exception: Four deposits selected for testing were deposited more than one day after the receipt date.

Managements Response: Management will implement appropriate controls for ensuring that deposits are made daily.

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

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

Management provided the requested information, along with management's representation that the listing is complete.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Segregation of duties exists as noted above, except for as follows:

Exception: The employee who is responsible for processing payments can sign checks, mail the checks out to vendors, and can add/modify the vendor files.

Management's Response: The Court is a small entity and it may not be cost effective to segregate all duties. All bank statements are reviewed by the Judge monthly and are reconciled by contract CPA firm monthly.

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

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

Management provided the requested information, along with management's representation that the listing is complete. For the transactions selected for testing, the disbursement matched the related original invoice and included evidence of segregation of duties, except as noted below:

Exception: The employee who is responsible for processing payments can sign checks and mail the checks out to vendors.

Management's Response: The Court is a small entity and it may not be cost effective to segregate all duties. All bank statements are reviewed by the Judge monthly and are reconciled by contract CPA firm monthly.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Exception: The one credit card selected for testing contained a finance charge totaling \$4.84.

Management's Response: It is management's policy that all credit card statements be paid timely.

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

Transactions selected for testing were supported by an original itemized receipt that identified precisely what was purchased, contained written documentation of the business purpose, and documentation of the individuals participating in meals, as applicable.

Travel and Expense Reimbursement

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Contracts

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete.

Exception: The 5 transactions selected for testing did not have authorized salaries/pay rates in personnel files.

Management's Response: Management will ensure that all employees authorized salary/pay rates are documented in the personnel files. All payroll is approved by the Judge.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

For the transactions selected for testing, the daily attendance and leave were documented, except as noted below:

Exception: For the transactions selected for testing, 4 of the 5 did not document their daily attendance and leave.

Management's Response: Full-time employees of the Court are also employees of the City of Springhill. Attendance and leave are reported to the City of Springhill on a monthly basis and tracked by the City. Part-time employees of the Court are paid a flat salaried amount with no leave benefits. All payroll is approved by the Judge.

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

Transactions selected for testing contained evidence that supervisors approved the attendance and leave of the selected employees, except as noted below:

Exception: For the transactions selected for testing, 2 of the 5 did not have supervisory approval noted on their daily attendance and leave records. In addition, 2 of the 5 did not have documented time and leave, thus no supervisory approval was noted.

Management's Response: Full-time employees of the Court are also employees of the City of Springhill. Attendance and leave are reported to the City of Springhill on a monthly basis and tracked by the City. Part-time employees of the Court are paid a flat salaried amount with no leave benefits. All payroll is approved by the Judge.

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

For the transactions selected for testing, Court maintained written leave records, except as noted below:

Exception: The Court does not maintain written leave records.

Management's Response: Full-time employees of the Court are also employees of the City of Springhill. Attendance and leave are reported to the City of Springhill on a monthly basis and tracked by the City. Part-time employees of the Court are paid a flat salaried amount with no leave benefits.

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

The Court did not pay out any termination payments during the fiscal period.

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

Management provided representation that employer and employee portions of payroll taxes, and retirement contributions were paid and the associated forms were filed, by the required deadlines.

Ethics (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

Debt Service (excluding nonprofits)

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to the Court does not have any outstanding debt.

Other

Testing not required for this area for the fiscal period July 1, 2018 through June 30, 2019, due to no exceptions being noted in prior year.

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

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



Cook & Morehart
Certified Public Accountants
December 19, 2019