

**BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**CITY COURT AND CITY MARSHAL  
OF JENNINGS, LOUISIANA**

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

**JUNE 30, 2019**

City Court and City Marshal of Jennings, Louisiana

Annual Financial Statements  
As of and for the Year Ended June 30, 2019  
With Supplemental Information Schedules

C O N T E N T S

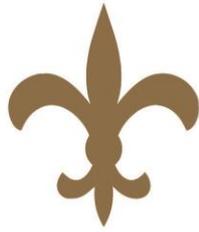
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CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Annual Financial Statements  
As of and for the Year Ended June 30, 2019  
With Supplemental Information Schedules

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*Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants.*

*Recipient of Advanced Single Audit Certificate*

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

## INDEPENDENT AUDITOR'S REPORT

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and each major fund of the City Court and City Marshal of Jennings, Louisiana, component units of the City of Jennings, Louisiana, as of June 30, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the City Court and City Marshal's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City Court and City Marshal's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City Court and City Marshal as of June 30, 2019, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, employer's share of net pension liability, and employer contributions on pages 35 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

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

The supplemental schedules are the responsibility of management and were derived and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, based on my audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements and City Court and City Marshal's compensation and benefits are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated December 12, 2019 on my consideration of the City Court and City Marshal's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

  
December 12, 2019

## BASIC FINANCIAL STATEMENTS

## STATEMENT A

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## STATEMENT OF NET POSITION

June 30, 2019

	<u>GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 243,165
Due from other governmental units	3,700
Interfund receivables	6,863
Capital assets (net)	<u>11,953</u>
TOTAL ASSETS	<u>265,681</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Contributions subsequent to the measurement date	21,334
Changes in assumptions	1,523
Net difference between projected and actual earnings on pension plan investments	<u>1,941</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>24,798</u>
<b>LIABILITIES</b>	
Accounts payable	8,804
Net pension liability	<u>149,697</u>
TOTAL LIABILITIES	<u>158,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Differences between expected and actual experience	<u>1,679</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,679</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	11,953
Unrestricted	<u>118,346</u>
TOTAL NET POSITION	<u>\$ 130,299</u>

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

**STATEMENT B**

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2019**

	<u>Expenses</u>	<u>Program Revenues Charges for Services and Use</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
<b>Governmental Activities</b>			
Judicial	<u>\$ 308,835</u>	<u>\$ 174,272</u>	<u>\$ (134,563)</u>
General Revenues:			
On-behalf payments			<u>171,803</u>
Total general revenues			<u>171,803</u>
Change in Net Position			37,240
Net Position-beginning			<u>93,059</u>
Net Position-ending			<u>\$ 130,299</u>

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

## STATEMENT C

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Balance Sheet-Governmental Funds

June 30, 2019

	City Court Criminal Fund	Judicial Building Fund	Civil Fund	Marshal's Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 68,311	\$ 8,972	\$ 9,821	\$ 156,061	\$ 243,165
Interfund receivables	2,609	750	-	3,504	6,863
Due from other governments	-	-	-	3,700	3,700
<b>TOTAL ASSETS</b>	<b>\$ 70,920</b>	<b>\$ 9,722</b>	<b>\$ 9,821</b>	<b>\$ 163,265</b>	<b>\$ 253,728</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 5,719	\$ 880	\$ -	\$ 2,205	\$ 8,804
<b>Total liabilities</b>	<b>5,719</b>	<b>880</b>	<b>-</b>	<b>2,205</b>	<b>8,804</b>
Fund balances:					
Unassigned	65,201	8,842	9,821	161,060	244,924
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 70,920</b>	<b>\$ 9,722</b>	<b>\$ 9,821</b>	<b>\$ 163,265</b>	<b>\$ 253,728</b>

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

**STATEMENT D**

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

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

**June 30, 2019**

Fund Balances, Total Governmental Funds (Statement C)		\$ 244,924
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital Assets	\$ 58,994	
Less: Accumulated Depreciation	<u>(47,041)</u>	11,953
In accordance with Governmental Accounting Standards Board Statement No. 68, the net pension liability related to pension plans, deferred outflows of resources, and deferred inflows of resources are not recorded in the governmental funds.		
Net Pension Liability		(149,697)
Deferred Outflows of Resources:		
Contributions subsequent to the measurement date		21,334
Changes in assumptions		1,523
Net difference between projected and actual earnings on pension plan investments		1,941
Deferred Inflows of Resources:		
Differences between expected and actual experience		<u>(1,679)</u>
Net Position of Governmental Activities (Statement A)		<u>\$ 130,299</u>

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

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

For the Year Ended June 30, 2019

	City Court Criminal Fund	Judicial Building Fund	Civil Fund	Marshal's Funds	Total Governmental Funds
<b>REVENUES</b>					
Fees, charges, and commissions for services:					
Court costs, fees and fines	\$ 57,731	\$ 9,010	\$ 44,125	\$ 63,406	\$ 174,272
On-behalf payments	155,763	-	-	16,040	171,803
Total revenues	213,494	9,010	44,125	79,446	346,075
<b>EXPENDITURES</b>					
Current:					
Judicial:					
Personal services and related benefits	22,867	-	41,183	2,750	66,800
Personnel cost through on-behalf payments	155,763	-	-	16,040	171,803
Operating services	14,580	6,567	-	22,765	43,912
Material and supplies	14,691	-	-	13,389	28,080
Total expenditures	207,901	6,567	41,183	54,944	310,595
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	5,593	2,443	2,942	24,502	35,480
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	59,608	6,399	6,879	136,558	209,444
<b>FUND BALANCES AT END OF YEAR</b>	\$ 65,201	\$ 8,842	\$ 9,821	\$ 161,060	\$ 244,924

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

**STATEMENT F**

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

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

**For the Year Ended June 30, 2019**

Net change in fund balances, total governmental funds (Statement E)	\$ 35,480
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Amounts reported for governmental activities  
in the Statement of Activities are different because:

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

Capital outlay	\$ -	
Depreciation	<u>(6,744)</u>	<u>(6,744)</u>

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

Net change in pension expense	<u>8,504</u>
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Change in net position of governmental activities (Statement B)	<u><u>\$ 37,240</u></u>
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The accompanying notes are an integral part of this financial statement.

**STATEMENT G**

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION**

**June 30, 2019**

	<u>Total Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 208,354</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 208,354</u></u>
<b>LIABILITIES</b>	
Interfund payables	\$ 6,863
Deposits due to others	<u>201,491</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 208,354</u></u>

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

# **CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

### **INTRODUCTION**

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

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

##### **A. Reporting Entity**

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

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

##### **B. Basis of Presentation**

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

# **CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

## **Notes to the Financial Statements**

### **For the Year Ended June 30, 2019**

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

#### **Government-Wide Financial Statements (GWFS)**

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

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

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

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

For the Year Ended June 30, 2019

### Fund Financial Statements (FFS)

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

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

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

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

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

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

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

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

**Marshal's Funds** – to account for the receipt of fees derived from city charges and payment

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

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

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

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

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

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

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

#### C. Basis of Accounting/Measurement Focus

##### Government Wide Financial Statements (GWFS)

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

For the Year Ended June 30, 2019

### Fund Financial Statements (FFS)

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

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

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

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

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

#### a. Cash, Cash Equivalents, and Investments

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

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

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

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

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

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

#### **b. Interfund Transactions**

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

# **CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

## **Notes to the Financial Statements**

### **For the Year Ended June 30, 2019**

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

#### **c. Estimates**

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

#### **d. Eliminations and Reclassifications**

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

#### **e. Subsequent Events**

Subsequent events were evaluated through January 12, 2019, which is the date the financial statements were available to be issued. Management determined that no events occurred that require disclosure.

#### **f. Risk Management**

The City Court and City Marshal's office are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are managed by coverage through commercial insurance paid either by the City of Jennings or the City Court.

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

**g. Capital Assets**

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

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

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

Transportation	5 years
Furniture and equipment	5-10 years

**h. Compensated Absences**

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

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

As of June 30, 2019, the City Court and City Marshal did not have a liability for accrued vacation or sick leave since this benefit does not vest past year end. Therefore the financial statements do not contain a liability for unpaid vacation or sick leave pay.

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

For the Year Ended June 30, 2019

### i. Fund Equity

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

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

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

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

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

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

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

#### **j. Extraordinary and Special Items**

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

#### **D. DEPOSITS AND INVESTMENTS**

Cash and equivalents include demand deposits and interest-bearing demand deposits, and time deposits at local financial institutions with a carrying value of \$451,519 at June 30, 2019. Deposits in financial institutions can be exposed to custodial credit risk. Custodial credit risk is the risk that in the event of a financial institution failure, the City Court and City Marshal's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of June 30, 2019, the City Court and City Marshal's bank balances of \$460,338 were insured by Federal Deposit Insurance Corporation (FDIC) (Category 1). Therefore, City Court and City Marshal were not exposed to custodial credit risk at June 30, 2019.

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

**E. INTERFUND RECEIVABLES AND PAYABLES**

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

Interfund receivables/payables at June 30, 2019, are as follows:

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
General Funds:		
City Court Criminal Fund	\$ 2,609	\$ -
Judicial Building Fund	750	-
Marshal's Funds	3,504	-
Agency Fund:		
Civil Fund	-	2,554
Criminal Fund	-	4,309
	<u>\$ 6,863</u>	<u>\$ 6,863</u>

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

**F. CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Beginning			Ending
	<u>Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u>
Capital assets				
Furniture and fixtures	\$ 726	\$ -	\$ -	\$ 726
Machinery and equipment	38,323	-	-	38,323
Transportation equipment	<u>19,945</u>	<u>-</u>	<u>-</u>	<u>19,945</u>
Total capital assets	58,994	-	-	58,994
Less accumulated depreciation				
Furniture and fixtures	726	-	-	726
Machinery and equipment	31,593	2,755	-	34,348
Transportation equipment	<u>7,978</u>	<u>3,989</u>	<u>-</u>	<u>11,967</u>
Total accumulated depreciation	<u>40,297</u>	<u>6,744</u>	<u>-</u>	<u>47,041</u>
Capital assets - net	<u>\$ 18,697</u>	<u>\$ (6,744)</u>	<u>\$ -</u>	<u>\$ 11,953</u>

Depreciation expense of \$6,744 was charged to judicial function.

**G. CHANGES IN AGENCY DEPOSITS DUE TO OTHERS**

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

	Criminal	Civil	Garnishment	Bond	Total
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Agency</u>
					<u>Funds</u>
Balances, June 30, 2018	\$ 6,447	\$ 163,406	\$ 4,637	\$ 11,629	\$ 186,119
Additions:	150,705	105,085	253,497	1,000	510,287
Reductions:	<u>143,476</u>	<u>91,084</u>	<u>252,492</u>	<u>1,000</u>	<u>488,052</u>
Balances, June 30, 2019	<u>\$ 13,676</u>	<u>\$ 177,407</u>	<u>\$ 5,642</u>	<u>\$ 11,629</u>	<u>\$ 208,354</u>

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

For the Year Ended June 30, 2019

### H. PENSION PLANS

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

Plan Descriptions:

#### Municipal Employees' Retirement System

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

All permanent employees working at least 35 hours per week and who are paid wholly or in part from municipal funds are eligible to participate in the system. Under Plan B, employees may retire at or after age 60 with at least 10 years of credible service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service and are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average monthly salary in excess of \$100 for each year of credible service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60 with basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years creditable service. In any case, monthly retirement benefits under Plan B cannot exceed 100% of final average salary. Final average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. Under Plan B members are required by state statute to contribute 9.50% over their annual covered salary. The City Court and City Marshal contributions to the System under Plan B for the years ending June 30, 2019, 2018, and 2017 were \$0, since employees' salaries and benefits are paid from the City of Jennings.

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

#### Louisiana State Employees' Retirement System

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

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

Eligibility requirements and benefits computations for disability benefits are provided for in LRS 11:461. All members with ten or more years of creditable service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

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

#### Funding Policy

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

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contributions rates in effect for the year ended June 30, 2019, for the covered employee was as follows:

	<u>City Court</u>	<u>Employee</u>
State Employees' Retirement System	<u>40.1%</u>	<u>11.5%</u>

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**  
**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

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

	<u>City Court</u>	<u>Employee</u>
State Employees' Retirement System	<u>40.1%</u>	<u>11.5%</u>

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

The following schedule lists the City Court and City Marshal's proportionate share of the Net Pension Liability allocated based on the June 30, 2018 measurement date. The City Court and City Marshal use this measurement to record its Net Pension Liability and associated amounts as of June 30, 2019, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2018, along with the change compared to the June 30, 2017 rate. The City Court and City Marshal's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Employees' Retirement System	<u>\$ 21,334</u>	<u>\$ 18,386</u>	<u>\$ 19,064</u>

The following lists the plan's recognized pension expense:

State Employees' Retirement System	<u>\$ 12,221</u>
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**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

At June 30, 2019, the City Court and City Marshal reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflow of Resources
State Employees' Retirement System:		
Differences between expected and actual experience	\$ -	\$ (1,679)
Change of assumptions	1,523	-
Net difference between projected and actual earnings on pension plan investments	1,941	-
Employer contributions subsequent to the measurement date	21,334	-
Total	<u>\$ 24,798</u>	<u>\$ (1,679)</u>

The City Court and City Marshal reported a total of \$21,334 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.

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

	<u>Year</u>	<u>Amount</u>
State Employees' Retirement System		
	2020	\$ 4,251
	2021	1,740
	2022	(3,658)
	2023	(548)
		<u>\$ 1,785</u>

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

**Actuarial Assumptions**

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Remaining Service Lives	3 years
Investment Rate of return	7.65%, net of investment expense*
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 projections for mortality improvement.
Termination, Disability, And Retirement	Terminations, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

Salary Increases

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

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	13.8%
Judges	3.8%	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.

Long-Term Rate of Return on Plan Investments

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

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Financial Statements

### For the Year Ended June 30, 2019

Long-Term Rate of  
Return on Plan  
Investments-continued

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018.

\* The investment rate of return used in the actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.83%, which is reasonably close to the 7.65% discount rate. Therefore we conclude that the 7.65% discount is reasonable.

The following table provides a summary of the best estimates of geometric real rates of return for each major asset class included in LASERS target asset allocation as of June 30, 2018.

<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%
Alternatives investments	7.67%
Risk parity	4.96%
Total Fund	5.40%

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

**Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

**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 System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Employer's Share of the Net Pension Liability to Changes in the Discount Rate**

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

<u>LASERS</u>	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Rates	6.75%	7.65%	8.65%
Share of NPL	\$ 188,928	\$ 149,697	\$ 115,910

**Payables to Pension Plan**

The City Court and City Marshal recorded accrued liabilities to the LASERS Retirement System for the year ended June 30, 2019, mainly due to the payroll accruals at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts payables. The balance due to the LASERS Retirement System at June 30, 2019, 2018, and 2017 was \$1,727, \$1,342 and \$1,271, respectively.

# **CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2019**

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

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

Compensation and benefits paid by the City of Jennings to the Judge and Marshal amounted to \$21,755 and \$16,040, respectively. Other employees of the City Court and City Marshal's office compensation and benefits amounted \$134,008. These on-behalf payments totaling \$171,803 are included in the general funds as revenue and related expenditures.

### **J. CITY MARSHAL'S EQUIPMENT AND TRAINING FUND**

For the year ended June 30, 2019, a newly created fund was combined with the Marshal's operating fund. The purpose of the fund is to collect sixty percent of fees in excess of the minimum fees authorized by law. The purpose of the fees collected is to assist in the purchasing or updating of necessary equipment and officer training to carry out the efficient performance of all duties imposed by law on constables and marshals. Fees collected and expenditures were \$7,482 and \$3,426, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

## GOVERNMENTAL FUND-CITY COURT CRIMINAL FUND

For the Year Ended June 30, 2019

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 53,902	\$ 56,324	\$ 57,731	\$ 1,407
Total revenues	<u>53,902</u>	<u>56,324</u>	<u>57,731</u>	<u>1,407</u>
<b>EXPENDITURES</b>				
Current:				
Judicial:				
Personal services and related benefits	19,645	18,357	22,867	(4,510)
Operating services	18,300	14,452	14,580	(128)
Material and supplies	<u>15,430</u>	<u>14,432</u>	<u>14,691</u>	<u>(259)</u>
Total expenditures	<u>53,375</u>	<u>47,241</u>	<u>52,138</u>	<u>(4,897)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	527	9,083	5,593	(3,490)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>59,608</u>	<u>59,608</u>	<u>59,608</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 60,135</u>	<u>\$ 68,691</u>	<u>\$ 65,201</u>	<u>\$ (3,490)</u>

See accompanying notes to the Required Supplementary Information.

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

## GOVERNMENTAL FUND-JUDICIAL BUILDING FUND

For the Year Ended June 30, 2019

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 7,800	\$ 8,520	\$ 9,010	\$ 490
Total revenues	<u>7,800</u>	<u>8,520</u>	<u>9,010</u>	<u>490</u>
<b>EXPENDITURES</b>				
Current:				
Judicial:				
Operating services	<u>7,200</u>	<u>6,369</u>	<u>6,567</u>	<u>(198)</u>
Total expenditures	<u>7,200</u>	<u>6,369</u>	<u>6,567</u>	<u>(198)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	600	2,151	2,443	292
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>6,399</u>	<u>6,399</u>	<u>6,399</u>	<u>-</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 6,999</u>	<u>\$ 8,550</u>	<u>\$ 8,842</u>	<u>\$ 292</u>

See accompanying notes to the Required Supplementary Information.

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

## GOVERNMENTAL FUND-CIVIL FUND

For the Year Ended June 30, 2019

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 47,000	\$ 44,928	\$ 44,125	\$ (803)
Total revenues	47,000	44,928	44,125	(803)
<b>EXPENDITURES</b>				
Current:				
Judicial:				
Personal services and related benefits	46,700	44,928	41,183	3,745
Total expenditures	46,700	44,928	41,183	3,745
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	300	-	2,942	2,942
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	6,879	6,879	6,879	-
<b>FUND BALANCES AT END OF YEAR</b>	\$ 7,179	\$ 6,879	\$ 9,821	\$ 2,942

See accompanying notes to the Required Supplementary Information.

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

## GOVERNMENTAL FUND-MARSHAL'S FUND

For the Year Ended June 30, 2019

	Original	Final	Actual Amounts	Variance Final Budget Positive (Negative)
<b>REVENUES</b>				
Fees, charges, and commissions for services:				
Court costs, fees and fines	\$ 61,508	\$ 66,245	\$ 63,406	\$ (2,839)
Total revenues	61,508	66,245	63,406	(2,839)
<b>EXPENDITURES</b>				
Current:				
Judicial:				
Personal services and related benefits	3,000	3,000	2,750	250
Operating services	23,826	21,583	22,765	(1,182)
Material and supplies	13,121	13,344	13,389	(45)
Capital outlay	1,038	190	-	190
Total expenditures	40,985	38,117	38,904	(787)
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	20,523	28,128	24,502	(3,626)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	136,558	136,558	136,558	-
<b>FUND BALANCES AT END OF YEAR</b>	\$ 157,081	\$ 164,686	\$ 161,060	\$ (3,626)

See accompanying notes to the Required Supplementary Information.

Schedule 5

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

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

For the Year Ended June 30, 2019

Year Ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.002190%	\$ 149,697	\$ 53,203	281.4%	64.30%
2018	0.002280%	\$ 160,415	\$ 45,851	349.9%	62.50%
2017	0.002270%	\$ 178,017	\$ 50,165	354.8%	57.70%
2016	0.002167%	\$ 147,389	\$ 48,049	306.7%	62.70%
2015	0.002375%	\$ 148,506	\$ 45,440	326.8%	65.00%

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

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

See accompanying notes to the Required Supplementary Information.

Schedule 6

CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

Schedule of Employer Contributions  
Louisiana State Employee Retirement System

For the Year Ended June 30, 2019

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2019	\$ 21,334	\$ 21,334	\$ -	\$ 53,203	40.1%
2018	\$ 18,386	\$ 18,386	\$ -	\$ 45,851	40.1%
2017	\$ 19,064	\$ 19,064	\$ -	\$ 50,165	38.0%
2016	\$ 19,807	\$ 19,807	\$ -	\$ 51,986	38.1%
2015	\$ 18,858	\$ 18,858	\$ -	\$ 48,049	39.2%
2014	\$ 18,685	\$ 18,685	\$ -	\$ 45,440	41.1%

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

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

See accompanying notes to the Required Supplementary Information.

# CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

## Notes to the Required Supplemental Information

For the Year Ended June 30, 2019

### A. BUDGETARY PRACTICES

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

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

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

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

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

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

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

## **CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

### **Notes to the Required Supplemental Information**

#### **For the Year Ended June 30, 2019**

line items within an object. The City Court and City Marshal's office amends its budget during the year to account for unanticipated changes in the original budget. On-behalf payments of \$171,803 included of the Statement of Revenues and Expenditures and Changes in Fund Balance are not included on the Budget and Actual Comparison. This amount is paid by the City of Jennings and not from the resources of the City Court and Marshal.

#### **B. PENSIONS**

For LASERS, there were no changes of benefit terms for the year ended June 30, 2019.

##### Louisiana State Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2018, there were no changes of assumptions or benefit terms.

**SUPPLEMENTARY INFORMATION**

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

COMBINING BALANCE SHEETS  
AGENCY FUNDS

June 30, 2019

	<u>Criminal Fund</u>	<u>Civil Fund</u>	<u>Garnishment Fund</u>	<u>Bond Fund</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 13,676	\$ 177,407	\$ 5,642	\$ 11,629	\$ 208,354
<b>TOTAL ASSETS</b>	<u>\$ 13,676</u>	<u>\$ 177,407</u>	<u>\$ 5,642</u>	<u>\$ 11,629</u>	<u>\$ 208,354</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 4,309	\$ 2,554	\$ -	\$ -	\$ 6,863
Deposits due to others	<u>9,367</u>	<u>174,853</u>	<u>5,642</u>	<u>11,629</u>	<u>201,491</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 13,676</u>	<u>\$ 177,407</u>	<u>\$ 5,642</u>	<u>\$ 11,629</u>	<u>\$ 208,354</u>

## CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA

COMBINING SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS  
AGENCY FUNDS

For the Year Ended June 30, 2019

	Criminal Fund	Civil Fund	Garnishment Fund	Bond Fund	Total Agency Funds
Balances at Beginning of year	\$ 6,447	\$ 163,406	\$ 4,637	\$ 11,629	\$ 186,119
Additions:					
Civil suits	-	105,085	-	-	105,085
Garnishments	-	-	253,497	-	253,497
Fines and court costs	150,705	-	-	-	150,705
Bonds	-	-	-	1,000	1,000
Total additions	150,705	105,085	253,497	1,000	510,287
Deductions:					
Distributions to:					
Jennings City Court	16,368	-	-	-	16,368
City Court	41,054	-	-	-	41,054
City Marshal	15,017	19,363	-	-	34,380
District Attorney	3,940	-	-	-	3,940
Indigent Defender Board	21,821	-	-	-	21,821
Judicial Building Fund	4,760	4,090	-	-	8,850
City Judge	-	52,933	-	-	52,933
Others	40,516	14,698	252,492	1,000	308,706
Total deductions	143,476	91,084	252,492	1,000	488,052
Balances at End of Year	\$ 13,676	\$ 177,407	\$ 5,642	\$ 11,629	\$ 208,354

Schedule 9

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**

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

**For the Year Ended June 30, 2019**

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

<u>Purpose</u>	<u>Amount</u>	
	<u>Judge Daniel Stretcher</u>	<u>Marshal Clarence Cormier, Jr.</u>
Salary	\$ 53,203	\$ 35,793
Benefits-insurance	9,852	216
Benefits-retirement	26,846	924
Benefits-dues	900	270
Car allowance	-	-
Vehicle provided by government	-	-
Per diem	1,357	213
Reimbursements	-	-
Travel	1,023	-
Registration fees	-	-
Conference travel	4,768	3,237
Continuing professional education fees	2,575	600
Housing unvouchered expenses	-	-
Special meals	-	-
	<u>\$ 100,524</u>	<u>\$ 41,253</u>

## **OTHER REPORTS**



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*Recipient of Advanced Single Audit Certificate*

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the City Court and City Marshal of Jennings, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued my report thereon dated December 12, 2019.

## **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District Attorney's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying corrective action plan for current year findings as item 2019-01(C).

### **City Court and City Marshal's Response to Findings**

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

### **Purpose of this Report**

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

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

  
December 12, 2019

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

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

**SECTION II - INTERNAL CONTROL AND COMPLIANCE FINDINGS**

Current Year Findings:

See Corrective Action Plan for Current Year Findings.

Prior Year Findings:

See Summary Schedule of Prior Year Audit Findings.

**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA**  
**Corrective Action Plan for Current Year Findings**  
**For the Year Ended June 30, 2019**

**2019-01(C) – Amended Budget**

*Condition:* Certain fund budgets were not amended to account for more than budgeted expenditures.

*Criteria:* State law requires that if actual revenue and expenditures are either over or under budgeted revenue and expenditures by five percent or more, the budgets should be amended.

*Cause:* Responsible personnel did not monitor actual revenues and compare to budget.

*Effect:* The City Court and Marshal's annual report will not be in compliance with state law.

*Recommendation:* Responsible personnel should monitor the budget with actual revenue and expenditures during the year and amend the budget as necessary.

*Views of responsible official and planned corrective actions:* The City Court and Marshal agree with the finding and will work to implement additional procedures as recommended.  
Contact: Judge Daniel Stretcher, Marshal Clarence Cormier, Jr.

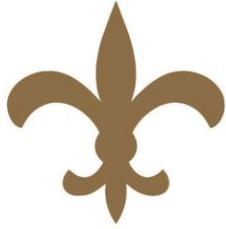
**CITY COURT AND CITY MARSHAL OF JENNINGS, LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

Ref No.	Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
Prior Year 6/30/2018						
Internal Control:		NA		NA		
Compliance: 01-2018 ( C )	6/30/2018	Audit for current year was not completed within six months of year end as required by state law. Unexpected issues caused a delay in bookkeeping services.	Yes	Management does not expect the same issue for the following year.	Daniel Stretcher  Clarence Cormier, Jr.	Done
02-2018 ( C )	6/30/2018	Certain fund budgets were not amended to account for less than anticipated revenues. This caused actual revenues to be less than budgeted by more than 5%.	Yes	Management does not expect the same issue for the following year.	Daniel Stretcher  Clarence Cormier, Jr.	Done

**City Court and City Marshal  
of Jennings, Louisiana**

**Statewide Agreed-Upon  
Procedures Report**

**For the Year Ended June 30, 2019**



# J. Aaron Cooper, CPA, LLC

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

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

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

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- 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 Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/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 Entities' written policies and procedures address the above areas with no exception for a. through j. Policies and procedures with regards to Disaster and Recovery/Business Continuity are not written.*

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or other equivalent documentation.
  - a) Observe that the board, finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund

and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds

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

*Not applicable*

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
  - c) Management has documentation reflecting that it has researched reconciling items that have that have been outstanding for more than 12 months from the statement closing date, if applicable.

*The bank reconciliations for all the Entities' checking accounts were tested. The reconciliations were all prepared. Reconciliations contained no evidence of initialing. The accounts tested did not contain evidence that management separate from involvement of transactions reviewed the bank reconciliations. There were instances of stale-dated checks on some of the bank reconciliations; however, there was no documentation reflecting that those items were being investigated.*

*Management is aware of exceptions and will consider implementing additional procedures.*

### ***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).

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing 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 posting 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposits 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). 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.

*Cash collection locations were obtained from management. The locations selected for collection were the City Court's office and the Marshal's office. The persons collecting cash do not share the same drawer with another employee. At various times, the same person collecting cash may also be responsible for depositing cash in the bank. The person recording the deposit may also be responsible for reconciling bank statements. The Entities do not have a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections. Employees who are involved in cash collection are bonded. Receipts can be traced to deposit slips and bank statements. Receipts logged into system are sequentially pre-numbered. Collection documentation was obtained*

*indicating that deposits are normally made within one day of collection with the exception of the Marshal and Garnishment Funds. The number of days after collection varied. All collections were completely supported by documentation. Actual deposits agree to general ledger. There is no written documentation specifically designed to determine the completeness of all collections by a person who is not responsible for collections.*

*Management is aware of exceptions and will consider implementing additional procedures.*

***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).
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.
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.

*No written policies or procedures regarding job descriptions and responsibilities exist, but employees are knowledgeable of their assigned duties. Two employees are not always involved in the above procedures due to staffing restrictions. The person responsible for processing payments is not prohibited from adding vendors to the entity's purchasing/disbursement system. Persons with signature authority or who make final authorization for disbursements do have responsibility for initiating or recording purchases.*

*The selected 5 disbursements matched the original invoice. Segregation of duties is not evident.*

*Management is aware of exceptions and will consider implementing additional procedures.*

### ***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.
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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
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).

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

### ***Contracts***

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law<sup>1</sup> (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*e) Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

### ***Payroll and Personnel***

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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.

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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). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. 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.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

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## *Debt Service*

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

## *Other*

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*25. Observation: This procedure was performed in year one with no exceptions. Per instructions of the Legislative Auditor this procedure is not applicable for year three.*

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

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

*J. Aaron Cozzie, CPA, LLC*

December 12, 2019

