

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Financial Report

Year Ended June 30, 2019

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable James Supple, Judge
City Court of the City of Franklin
Franklin, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of City Court of the City of Franklin (hereinafter "City Court"), a component unit of the City of Franklin, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City Court's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of City Court. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibilities for the Financial Statements

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

Accountant's Responsibility

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

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require a budgetary comparison schedule 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. The budgetary comparison schedule on pages 22 and 23 is the responsibility of management. The schedule was not audited, reviewed, or compiled by us, and we do not express an opinion, a conclusion, nor provide any assurance on it.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 6, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 35,992
Noncurrent assets:	
Capital assets, net	<u>18,814</u>
Total assets	<u>54,806</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>79</u>
NET POSITION	
Net investment in capital assets	18,814
Unrestricted	<u>35,913</u>
Total net position	<u>\$ 54,727</u>

See accompanying notes and independent accountant's review report.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2019

Activities	Expenses	Program Revenues		Net (Expense)/Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 302,556</u>	<u>\$ 164,830</u>	<u>\$ 149,338</u>	\$ 11,612
General revenues:				
Interest and investment earnings				<u>48</u>
Change in net position				11,660
Net position - July 1, 2018				<u>43,067</u>
Net position - June 30, 2019				<u>\$ 54,727</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Balance Sheet
Governmental Fund
June 30, 2019

	<u>General Fund</u>
ASSETS	
Cash and interest bearing deposits	<u>\$ 35,992</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued liabilities	79
Fund balance:	
Unassigned	<u>35,913</u>
Total liabilities and fund balance	<u>\$ 35,992</u>
	(continued)

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Balance Sheet (continued)
Governmental Fund
June 30, 2019

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

Total fund balance for the governmental fund at June 30, 2019		\$ 35,913
Cost of capital assets	\$ 76,336	
Less: Accumulated depreciation	<u>(57,522)</u>	<u>18,814</u>
Total net position of governmental activities at June 30, 2019		<u>\$ 54,727</u>

See accompanying notes and independent accountant's review report.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2019

	General Fund
Revenues:	
Fees, charges and commissions -	
Court costs, fees, and fines	\$ 164,830
Intergovernmental	149,338
Interest income	48
Total revenues	314,216
 Expenditures:	
Current-	
General government-	
Operating services	282,799
Repairs and maintenance	3,765
Travel and other charges	9,507
Total expenditures	296,071
 Net change in fund balance	18,145
 Fund balance, beginning	17,768
 Fund balance, ending	\$ 35,913

(continued)

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)
Governmental Fund
Year Ended June 30, 2019

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

Total net change in fund balance for the year ended June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 18,145
Depreciation expense	<u>(6,485)</u>
Total change in net position for the year ended June 30, 2019 per Statement of Activities	<u>\$ 11,660</u>

See accompanying notes and independent accountant's review report.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Agency Assets and Liabilities
June 30, 2019

	<u>Agency Funds</u>
ASSETS	
Cash and interest-bearing deposits	<u>\$ 76,760</u>
LIABILITIES	
Due to litigants	\$ 34,629
Due to other governmental units	<u>42,131</u>
Total liabilities	<u>\$ 76,760</u>

See accompanying notes and independent accountant's review report.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

City Courts are created under the authority of LSA-RS 13:1871 et seq. The City Court of the City of Franklin (hereinafter “City Court”) accounts for the operation of the court’s office.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of City Court conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

A. Financial Reporting Entity

The city court judge is an independently elected official. However, City Court is fiscally dependent on the City of Franklin for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because City Court is fiscally dependent on the City, City Court was determined to be a component unit of the City of Franklin, the financial reporting entity. These financial statements report only the activities of City Court, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about City Court as a whole. These statements include all the financial activities of City Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Fund Financial Statements

City Court uses funds to maintain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of City Court are classified into two categories: governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for City Court operations, they are not included in the government-wide financial statements. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of City Court is considered to be a major fund. The funds of City Court are described below:

Governmental Funds -

General Fund – This fund is the primary operating fund of City Court and accounts for the operations of City Court’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City Court’s policy.

Fiduciary Funds -

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by City Court are agency funds. The agency funds account for assets held by City Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The agency funds are as follows:

Fines and Costs Fund – accounts for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

CITY COURT OF THE CITY OF FRANKLIN
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Notes to Financial Statements (continued)

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

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

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

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits includes all demand accounts, savings accounts, and certificates of deposits of City Court.

Under state law, City Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Capital assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. City Court maintains a threshold level of \$500 for capitalizing assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office Furniture	5 years
Equipment	5 years

Fund equity

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted – 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 – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Governmental fund equity is classified as fund balance. Fund balance for the City Court's governmental fund is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances 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 government.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Judge. The Judge is the highest level of decision-making authority for City Court. Commitments may be established, modified, or rescinded only through process verbal of the Judge.
- 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. Under the City Court's adopted policy, only the Judge may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

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

CITY COURT OF THE CITY OF FRANKLIN
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Notes to Financial Statements (continued)

E. Revenues, Expenditures, and Expenses

Revenues and fees

Revenues and fees, charges and commissions for services are recorded when City Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by function and character.

F. Employee Retirement Benefits

Employees of City Court are included on the City of Franklin's payroll and participate in the same retirement systems as the employees of that entity.

(2) Cash and Interest-Bearing Deposits

At June 30, 2019, the City Court has cash and cash equivalents (book balances) totaling \$112,751 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash on hand	\$ 50	\$ -	\$ 50
Demand deposits	35,942	76,760	112,702
Total	\$ 35,992	\$ 76,760	\$ 112,752

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City Court's deposits may not be recovered or City Court will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2019, the City Court had \$124,319 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and therefore not exposed to custodial credit risk.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(3) Capital Assets

The following is a summary of the changes in capital assets for the year:

	Balance, July 1, 2018	Additions	Deletions	Balance June 30, 2019
Furniture, fixtures, and equipment	\$ 76,336	\$ -	\$ -	\$ 76,336
Less: accumulated depreciation	(51,037)	(6,485)	-	(57,522)
Net capital assets	<u>\$ 25,299</u>	<u>\$ (6,485)</u>	<u>\$ -</u>	<u>\$ 18,814</u>

Depreciation expense for the year ended June 30, 2019 was charged to the general government function.

(4) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which City Court is bound to observe constraints imposed upon the use of the resources in the government funds. City Court has no constraints placed on fund balance for the major governmental fund. All of City Court's fund balance is classified as unassigned during the fiscal year ended June 30, 2019.

(5) Change in Fiduciary Fund's Unsettled Deposits

The following is a summary of the changes in unsettled deposits for the year:

	Balance, July 1, 2018	Additions	Reductions	Balance June 30, 2019
Fiduciary Fund Type - Agency Funds				
Advance deposit	\$ 94,859	\$ 140,760	\$ (200,990)	\$ 34,629
Fines and costs	38,603	126,189	(122,661)	42,131
Totals	<u>\$ 133,462</u>	<u>\$ 266,949</u>	<u>\$ (323,651)</u>	<u>\$ 76,760</u>

(6) On-Behalf Payments for Salaries and Benefits

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires City Court to report on-behalf payments made by the City of Franklin to City Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Franklin and not by City Court. For 2019, the City of Franklin paid salaries and benefits to and for the City Judge, Civil Court Clerk, Criminal Court Clerk, and Deputy Clerk. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for the year ended June 30, 2019 netted to \$149,338.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(7) Risk Management

City Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City Court has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. City Court is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2019. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(8) Compensation and Reimbursements Paid to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to and on behalf of the City Court's chief officer, Judge James Supple, for the year ended June 30, 2019 are as follows:

Wages	\$ 50,114
Benefits - Retirement	26,315
Wages and benefits paid by the City of Franklin on behalf of the City Court of Franklin	31,905
Reimbursements - Dues	350
Reimbursements - Travel	703
Reimbursements - Lodging	3,111
Reimbursements - Meals	2,211
	<u>\$ 114,709</u>

(9) Expenditures of City Court Paid by the City of Franklin

The cost of some expenditures for the operation of City Court, as required by Louisiana Revised Statute 13:1889, is paid by the City of Franklin, Louisiana. Such expenditures are not included in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2019

	Final Budget	Actual (Non-GAAP Basis)	Variance Positive (Negative)
Revenues:			
Fees, charges and commissions -			
Court costs, fees, and fines	\$140,000	\$ 164,830	\$ 24,830
Intergovernmental	4,000	-	(4,000)
Interest income	40	48	8
Total revenues	144,040	164,878	20,838
Expenditures:			
Current-			
General government-			
Operating services	121,300	91,330	29,970
Repairs and maintenance	5,000	3,765	1,235
Travel and other charges	24,000	9,507	14,493
Total expenditures	150,300	104,602	45,698
Net change in fund balance	(6,260)	60,276	66,536
Fund balance, beginning	17,768	17,768	-
Fund balance, ending	\$ 11,508	\$ 78,044	\$ 66,536

See independent accountant's review report and notes to budgetary comparison schedule.

CITY COURT OF THE CITY OF FRANKLIN
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Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court. For the year ended June 30, 2019, the original adopted budget was not amended.

(2) Budget Adoption

City Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$500,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

(3) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by City Court do not include on-behalf payments made by the City of Franklin to City Court's employees for salaries and related benefits. These on-behalf payments are reflected as a revenue and as an expenditure in City Court's financial statements as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. During the year ended June 30, 2019, City Court reimbursed the City of Franklin \$42,131 for salaries and related benefits. Actual amounts, net of amounts reimbursed, are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Intergovernmental	\$ 149,338	\$ (149,338)	\$ -
Expenditures:			
General government - Operating services	\$ 282,799	\$ (191,469)	\$ 91,330

REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE*

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable James Supple, Judge, City Court of the City of Franklin and
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City Court of the City of Franklin (hereinafter "City Court") and the Legislative Auditor (LLA), on the City Court's compliance with certain laws and regulations included in the Louisiana Compliance Questionnaire (Exhibit A) during the year ended June 30, 2019, as required by the *Louisiana Governmental Audit Guide*. The management of City Court is responsible for its financial records and compliance with applicable laws and regulations.

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

The procedures and associated exceptions, if any, are as follows:

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$154,450, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

No expenditures were made during the year that exceeded \$30,000, nor were there any expenditures for public works made during the year that exceeded \$154,450.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

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

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

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Obtained listing of all disbursements, and a listing of business interest of board members, employees, and immediate families. No vendors appeared on both lists.

Budgeting

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

Management provided us with a copy of the originally adopted budget. There were no budgetary amendments.

7. Trace the budget adoption to adoption instruments.

Adoption of budget traced to executed process verbal.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more.

Actual revenues did not fail to meet budgeted revenues by five percent (5%) or more, nor did actual expenditures exceed budgeted appropriations by five percent (5%) or more.

Accounting and Reporting

9. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payments were for the proper amounts, made to the correct payees, and properly coded to the correct funds and general ledger accounts.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

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

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

State Audit Law

12. Report whether the City Court provided for a timely report in accordance with R.S. 24:513.

City Court provided for a timely report in accordance with RS 24:513.

13. Inquire of management and report whether the City Court entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the City Court was not in compliance with R.S. 24:513 (the audit law).

City Court did not enter into any contracts utilizing state funds as defined in RS 39:72.1(A)(2) during the year which were subject to the public bid law (RS 38:2211 et seq), while not in compliance with RS 24:513 (the audit law).

Prior Comments and Recommendations

14. Review any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

Our prior report dated December 30, 2018 included comments pertaining to segregation of duties, and noncompliance with RS 39:1311 regarding failure to properly amend the budget.

The segregation of duties finding is due to the size of City Court and the number of personnel and may not be economically feasible to correct. Policy and procedure changes have been implemented that have resolved this condition.

Noncompliance with the Local Government Budget Act, primarily RS 39:1311, for the year ended June 30, 2018 was only applicable to that year.

We were not engaged to perform, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on City Court's compliance with the foregoing matters. 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 City Court's compliance with certain laws and regulations included in the accompanying Louisiana Attestation Questionnaire and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by City Court's management and the LLA and should not be used by anyone other than those specified parties. Accordingly, this report is not suitable for any other purpose and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
December 6, 2019

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Summary Schedule of Prior Findings
Year Ended June 30, 2019

A. Internal Control –

2018-001 – Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: This finding has been resolved.

B. Compliance –

2018-002 – Local Government Budget Act

CONDITION: City Court incurred negative budget variances in excess of 5% in its General Fund expenditures.

RECOMMENDATION: We recommended that the administrative authority for City Court amend budgets as required by state statute.

CURRENT STATUS: This finding was only applicable to the year ended June 30, 2018.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Schedule of Findings
Year Ended June 30, 2019

No findings to be reported under *Government Auditing Standards*.

LOUISIANA ATTESTATION QUESTIONNAIRE

Exhibit A

CITY COURT OF THE CITY OF FRANKLIN
Louisiana Attestation Questionnaire
Year Ended June 30, 2019

Kolder, Slaven & Company, LLC, CPAs
Post Office Box 3438
Morgan City, Louisiana

In connection with your review of our financial statements as of June 30, 2019 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of the date noted on the last page of this questionnaire.

Public Bid Law

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

Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [] No []

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

Yes [] No []

Budgeting

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

Yes [] No []

Accounting and Reporting

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

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

Yes [] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

Prior-Year Comments

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

Yes [] No []

General

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

The previous responses have been made to the best of our belief and knowledge.

James P. Supple
Judge

May 20, 2019
Date