

**CITY COURT OF
DENHAM SPRINGS - WARD II**

Audit of Financial Statements

June 30, 2019



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Independent Auditor's Report

Judge Jerry L. Denton
City Court of Denham Springs - Ward II
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward II (the City Court), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 5 and the net pension liability and contributions by plan information on pages 44 and 45 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates 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 our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, on our consideration of the City Court of Denham Springs - Ward II's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
October 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

CITY COURT OF DENHAM SPRINGS - WARD II

Management's Discussion and Analysis

Our discussion and analysis of the City Court of Denham Springs - Ward II's (the City Court) financial performance provides an overview of the City Court's financial activities for the year, which ended June 30, 2019. Please read it in conjunction with the City Court's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the City Court exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$84,524, an increase in net position of \$17,201, or 26%. Unrestricted net position is a deficit of \$110,556, mostly due to the net pension liability.

The City Court's total program revenues were \$730,591 compared to \$647,381 in the prior year, an increase of \$83,210, or 13%.

Total expenses for the City Court during the year ended June 30, 2019 were \$716,738 compared to \$631,162 in the prior year, an increase of \$85,576, or 14%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The statement of net position and the statement of activities (pages 10 and 11) provide information about the City Court's activities as a whole. The governmental fund balance sheet (page 13) details the assets and liabilities of the governmental fund, while the reconciliation of the governmental fund balance sheet to the statement of net position (page 14) shows why the amounts reported for governmental activities in the statement of net position are different. Pages 15 and 16 detail the revenues, expenditures, and changes in fund balance of the governmental fund, while the reconciliation (page 17) reconciles net changes in fund balance to changes in net position of the governmental activities. Page 18 reflects the differences in the final budget and actual amounts. Then, on pages 19 and 20, the fiduciary fund financial statements can be found, for which the City Court acts only as an agent or trustee for the benefit of agencies outside of the City Court. The notes to financial statements as a form of explanation follow on pages 21 through 42. The City Court Judge is an independent elected official. However, since the City Court is dependent on the City of Denham Springs to provide office space, a courtroom, and related utility costs, as well as a portion of its salaries and related employee benefit costs, the City Court is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the City Court.

CITY COURT OF DENHAM SPRINGS - WARD II

Management's Discussion and Analysis

REPORTING THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the City Court as a whole begins on page 10. The statement of net position and the statement of activities report information about the funds maintained by the City Court as a whole and about its activities in a way which helps answer one of the most important questions asked about the City Court's finances, "Is the City Court, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses is taken into account regardless of when the cash was received or paid.

These two statements report the City Court's net position and the changes in it. This net position, the difference between the assets and deferred outflows and the liabilities and deferred inflows, is one way to measure the City Court's financial position or financial health and, over time, increases or decreases in the net position are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the City Court as governmental activities in the statement of net position and the statement of activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid, and benefits; office expenses; contract services; memberships and educational conferences; and grants. Fines and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council (the Parish Council) finance most of the activities of the City Court.

REPORTING THE MOST SIGNIFICANT FUNDS MAINTAINED BY THE CITY COURT

The analysis of the major fund maintained by the City Court begins on page 13 and provides detailed information about the revenues and expenditures of this most significant fund.

All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of these funds, and the balances left at year-end which are available for spending. These funds are reported using the modified accrual method, which measures cash and all other assets that could be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City Court general operations and the expenses paid from these funds. The information in the governmental funds helps determine if there are more or less financial resources to finance future City Court expenses.

CITY COURT OF DENHAM SPRINGS - WARD II

Management's Discussion and Analysis

THE CITY COURT AS A TRUSTEE

The City Court is a trustee for agency funds for its civil division, collection of restitution funds, and criminal division. Since these funds are simply held for other parties and cannot be used for any of the City Court activities, they are not included in the government-wide financial statements, but are separately reported in the financial statements of the fiduciary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. The City Court's total net position changed from a year ago, increasing from \$67,323 to \$84,524. The comparative analysis is presented below.

The largest portion of the City Court's assets is in cash and cash equivalents. Because of this, the City Court is able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

Condensed Statements of Net Position

	2019	2018	Dollar Change	Total Percent Change
Current Assets and Investments	\$ 248,023	\$ 173,193	\$ 74,830	43.21%
Capital Assets (Net of Accumulated Depreciation)	100,932	128,906	(27,974)	-21.70%
Net Pension Asset	-	35,183	(35,183)	0.00%
Total Assets	348,955	337,282	11,673	3.46%
Deferred Outflows - Related to Pensions	107,549	86,842	20,707	23.84%
Current Liabilities	29,698	19,382	10,316	53.22%
Long-Term Liabilities	312,084	268,883	-	0.00%
Total Liabilities	341,782	288,265	10,316	3.58%
Deferred Inflows - Related to Pensions	30,198	68,536	(38,338)	-55.94%
Net Position				
Net Investment in Capital Assets	100,932	128,906	(27,974)	-21.70%
Restricted Civil Fees	94,148	60,504	33,644	55.61%
Unrestricted (Deficit)	(110,556)	(122,087)	11,531	-9.44%
Total Net Position	\$ 84,524	\$ 67,323	\$ 17,201	25.55%

The net position of the funds maintained by the City Court's governmental activities increased by \$17,201 over the prior year. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements, increased by \$11,531 from \$(122,087) at June 30, 2019 to \$(110,556) at June 30, 2019.

CITY COURT OF DENHAM SPRINGS - WARD II

Management's Discussion and Analysis

Condensed Statements of Activities

	2019	2018	Dollar Change	Total Percent Change
Revenues				
Program Revenues				
Fines and Fees, Capital Grants, Operating Grants, and Contributions	\$ 730,591	\$ 647,381	\$ 83,210	12.85%
Interest Income and Miscellaneous	3,348	2,057	1,291	62.76%
Total Revenues	733,939	649,438	84,501	13.01%
Program Expenses				
General Governmental - Judicial	716,738	631,162	85,576	13.56%
Total Program Expenses	716,738	631,162	85,576	13.56%
Change in Net Position	\$ 17,201	\$ 18,276	\$ (1,075)	-5.88%

During the fiscal year ended June 30, 2019, total revenues increased \$84,501. Court costs and fees received increased by \$83,210. Expenses increased by \$85,576, or approximately 14%.

GENERAL FUND BUDGETARY HIGHLIGHTS

As explained above, overall expenses were up, and revenues were up when compared to the prior year. As a result, the budget was amended for the year ended June 30, 2019.

CAPITAL ASSETS

During the year ended June 30, 2019, capital assets decreased by \$27,974 due to depreciation expense for the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2020. Budgeted revenues and expenditures are expected to be consistent with the year ended June 30, 2019.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens and taxpayers with a general overview for the funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have any questions or need additional financial information, contact Denham Springs City Court, Clerk of Court/Judicial Administrator's office at 116 N. Range Avenue, Denham Springs, Louisiana 70726.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Net Position
June 30, 2019
With Comparative Totals as of June 30, 2018

	Governmental Activities	
	2019	2018
Assets		
Cash and Cash Equivalents	\$ 247,075	\$ 173,145
Receivables, Net	948	48
Capital Assets (Net of Accumulated Depreciation)	100,932	128,906
Net Pension Asset	-	35,183
Total Assets	348,955	337,282
Deferred Outflows of Resources		
Deferred Outflows - Related to Pensions	107,549	86,842
Total Deferred Outflows of Resources	107,549	86,842
Liabilities		
Current Liabilities		
Accounts Payable	9,013	4,232
Accrued Expenses	20,354	10,420
Long-Term Liabilities		
Compensated Absences	331	4,730
Net Pension Liability	312,084	268,883
Total Liabilities	341,782	288,265
Deferred Inflows of Resources		
Deferred Inflows - Related to Pensions	30,198	68,536
Total Deferred Inflows of Resources	30,198	68,536
Net Position		
Net Investment in Capital Assets	100,932	128,906
Restricted Civil Fees	94,148	60,504
Unrestricted (Deficit)	(110,556)	(122,087)
Total Net Position	\$ 84,524	\$ 67,323

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Activities
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	Governmental Activities	
	2019	2018
Program Expenses		
Judicial		
Salaries, Fees Paid, and Benefits	\$ 506,868	\$ 476,605
Office Expenses	88,224	78,914
Contract Services	62,283	41,769
Memberships and Educational Conferences	31,389	20,601
Depreciation	27,974	13,273
Total Program Expenses	716,738	631,162
Program Revenues		
Fines and Fees	632,406	486,415
Capital Grants	23,357	89,077
Operating Grants and Contributions	74,828	71,889
Total Program Revenues	730,591	647,381
Net Program Revenue (Expense)	13,853	16,219
General Revenues		
Interest Income	184	268
Miscellaneous	3,164	1,789
Total General Revenues	3,348	2,057
Change in Net Position	17,201	18,276
Net Position, Beginning of Year	67,323	49,047
Net Position, End of Year	\$ 84,524	\$ 67,323

The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUND**

CITY COURT OF DENHAM SPRINGS - WARD II
Balance Sheet
Governmental Fund
June 30, 2019
With Comparative Totals as of June 30, 2018

	General Fund	
	2019	2018
Assets		
Cash and Cash Equivalents	\$ 247,075	\$ 173,145
Accounts Receivable - Other	948	48
Total Assets	\$ 248,023	\$ 173,193
Liabilities and Fund Balance		
Liabilities		
Accounts Payable	\$ 9,013	\$ 4,232
Accrued Expenses	20,354	10,420
Total Liabilities	29,367	14,652
Fund Balance		
Restricted Civil Fees	94,148	60,504
Unassigned	124,508	98,037
Total Fund Balance	218,656	158,541
Total Liabilities and Fund Balance	\$ 248,023	\$ 173,193

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2019
With Comparative Totals as of June 30, 2018

	2019	2018
Fund Balance - Total Governmental Fund	\$ 218,656	\$ 158,541
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental Capital Assets	146,072	146,072
Less: Accumulated Depreciation	(45,140)	(17,166)
Net Pension Asset	-	35,183
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Compensated Absences	(331)	(4,730)
Net Pension Liability	(312,084)	(268,883)
Deferred outflows of resources related to pensions are not reported in governmental funds.	107,549	86,842
Deferred inflows of resources related to pensions are not reported in governmental funds.	(30,198)	(68,536)
Net Position of Governmental Activities	\$ 84,524	\$ 67,323

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	Total Governmental Fund	
	2019	2018
Revenues		
Charges for Services		
Court Costs	\$ 406,691	\$ 296,021
Civil Fees	140,842	154,502
Probation and Continuance Fees	81,360	33,504
Drivers' License Reinstatement Fees	3,513	2,388
Intergovernmental Revenues		
On-Behalf Payments	25,431	25,025
Supreme Court Grant	23,357	89,077
Primary Government - City of Denham Springs	46,860	46,864
Interest Income	184	268
Miscellaneous	3,164	1,789
	<hr/>	<hr/>
Total Revenues	731,402	649,438
Expenditures		
Judicial		
Salaries, Fees Paid, and Benefits		
Salaries	287,258	294,947
Civil Fees Paid	70,008	69,600
Employee Group Insurance	64,736	41,285
Retirement Expense	46,126	50,373
Payroll Tax Expense	21,263	28,608
Office Expenses		
Office Supplies and Printed Forms	65,456	53,834
Telephone	13,436	13,602
Insurance	4,154	4,231
Bank Service Charge	3,925	230
Miscellaneous	1,253	6,915
Uniforms	-	102

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund (Continued)
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	<u>Total Governmental Fund</u>	
	<u>2019</u>	<u>2018</u>
Expenditures (Continued)		
Contract Services		
Professional Fees	25,276	10,324
Maintenance Agreement	16,362	7,521
Security (Denham Springs Marshal)	16,350	16,070
File Storage	3,480	-
Maintenance and Repair	815	7,854
Memberships and Educational Conferences		
Membership Dues and Subscriptions	23,056	17,270
Educational Conferences and Seminars	8,333	3,331
Capital Outlay	-	96,630
	<hr/>	<hr/>
Total Expenditures	671,287	722,727
	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	60,115	(73,289)
	<hr/>	<hr/>
Fund Balance, Beginning of Year	158,541	231,830
	<hr/>	<hr/>
Fund Balance, End of Year	\$ 218,656	\$ 158,541
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019	2018
Net Change in Fund Balances - Total Governmental Funds	\$ 60,115	\$ (73,289)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>	(27,974)	83,357
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:</p>		
<p>Decrease in Compensated Absences Payable</p>	4,399	2,104
<p>(Increase) Decrease in Pension Expense</p>	(19,339)	6,104
Change in Net Position of Governmental Activities	\$ 17,201	\$ 18,276

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - Governmental Fund
For the Year Ended June 30, 2019

	Budgetary Amounts		Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services				
Court Costs	\$ 300,000	\$ 405,000	\$ 406,691	\$ 1,691
Civil Fees	175,000	145,000	140,842	(4,158)
Probation and Continuance Fees	50,000	80,000	81,360	1,360
Drivers' License Reinstatement Fees	3,000	3,000	3,513	513
Intergovernmental Revenues				
On-Behalf Payments	29,323	29,323	25,431	(3,892)
Supreme Court Grant	-	23,000	23,357	357
Primary Government - City of Denham Springs	46,860	46,860	46,860	-
Interest Income	3,123	3,123	184	(2,939)
Miscellaneous	611	611	3,164	2,553
Total Revenues	607,917	735,917	731,402	(4,515)
Expenditures				
Judicial				
Salaries, Fees Paid, and Benefits				
Salaries	357,300	290,000	287,258	2,742
Civil Fees Paid	40,000	70,000	70,008	(8)
Employee Group Insurance	51,000	65,000	64,736	264
Retirement Expense	48,000	46,000	46,126	(126)
Payroll Tax Expense	24,000	21,000	21,263	(263)
Office Expenses				
Office Supplies and Printed Forms	22,000	65,000	65,456	(456)
Telephone	7,550	14,000	13,436	564
Insurance	1,713	4,000	4,154	(154)
Bank Service Charge	-	4,000	3,925	75
Miscellaneous	3,610	1,200	1,253	(53)
Uniforms	2,524	-	-	-
Contract Services				
Professional Fees	12,043	25,000	25,276	(276)
Maintenance Agreement	9,565	16,000	16,362	(362)
Security (Denham Springs Marshal)	-	16,000	16,350	(350)
File Storage	-	3,500	3,480	20
Maintenance and Repair	2,525	1,000	815	185
Transcriptions / Appeals	1,000	-	-	-
Memberships and Educational Conferences				
Membership Dues and Subscriptions	15,087	24,000	23,056	944
Educational Conferences and Seminars	10,000	10,000	8,333	1,667
Total Expenditures	607,917	675,700	671,287	4,413
Net Change in Fund Balance	\$ -	\$ 60,217	60,115	\$ (102)
Fund Balance, Beginning of Year			158,541	
Fund Balance, End of Year			\$ 218,656	

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2019

	<u>Agency Funds</u>
Assets	
Cash	\$ 272,632
Total Assets	<u>\$ 272,632</u>
Liabilities	
Due to Others	\$ 272,632
Total Liabilities	<u>\$ 272,632</u>

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II
Statement of Changes in Due to Others
Fiduciary Fund
For the Year Ended June 30, 2019

	Agency Funds				Total
	Civil Docket	Criminal Docket	Restitution	Judicial College	
Additions					
Fines and Bonds Collected	\$ 472,266	\$ 1,375,205	\$ -	\$ 3,250	\$ 1,850,721
Restitution Received	-	-	15,806	-	15,806
Interest Income	134	117	2	-	253
Total Additions	472,400	1,375,322	15,808	3,250	1,866,780
Deductions					
Fines Disbursed to City of Denham Springs - General	-	400,342	-	-	400,342
Fines Disbursed to Parish Council - General	-	12,917	-	-	12,917
Fines Disbursed to Louisiana Supreme Court	-	-	-	3,380	3,380
General Fund Court Costs	-	456,488	-	-	456,488
Public Service Court Costs	-	4,475	-	-	4,475
Witness Fee Court Costs	-	11,625	-	-	11,625
Marshal's Office Court Costs	-	263,974	-	-	263,974
District Attorney Fees	-	3,111	-	-	3,111
Bonds and Fines Refunded	14,103	24,041	-	-	38,144
Law Enforcement Training	-	1,149	-	-	1,149
Miscellaneous	760	6,735	2,838	100	10,433
Bank Service Charge	825	-	-	-	825
Collection Fee	-	19,867	-	-	19,867
Judicial College	938	2,231	-	-	3,169
Reparations Fund	-	5,424	-	-	5,424
Indigent Defenders' Board	-	218,789	-	-	218,789
Marshal's Fees	79,702	-	-	-	79,702
Recording Fees	109,727	-	-	-	109,727
Restitution Paid to Victims	-	-	11,668	-	11,668
Building and Technology Fund	18,790	40,396	-	-	59,186
Serving Citations	43,902	-	-	-	43,902
Judge's Supplemental Compensation Fund	46,975	-	-	-	46,975
Excess Civil Fees Transfers to General Fund	128,637	-	-	-	128,637
Juvenile Justice Committee	-	25,128	-	-	25,128
Trial Court Case Management Information System	-	14,048	-	-	14,048
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	5,884	-	-	5,884
Baton Rouge Crime Stoppers	-	9,354	-	-	9,354
Sex Registry	-	23,281	-	-	23,281
Total Deductions	444,359	1,549,259	14,506	3,480	2,011,604
Net Additions/Deductions	28,041	(173,937)	1,302	(230)	(144,824)
Due to Others, Beginning of Year	219,950	196,123	931	452	417,456
Due to Others, End of Year	\$ 247,991	\$ 22,186	\$ 2,233	\$ 222	\$ 272,632

The accompanying notes are an integral part of these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

The City Court of Denham Springs - Ward II (the City Court), Parish of Livingston, Louisiana was established in accordance with Louisiana Revised Statute (LRS) 13:1872 A(1) by resolution of the Denham Springs Mayor and Council on June 24, 1968. The City Court collects fines on behalf of Ward II in Livingston Parish which includes the City of Denham Springs and a portion of Livingston Parish and remits these fines to the same, after deducting court costs for operation of the City Court and Marshal's offices.

Financial Reporting Entity

For reporting purposes, the City of Denham Springs, Louisiana (the City) serves as the financial reporting entity for both the municipality and for the Ward II Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Council of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit, and
2. Financial accountability, and
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards.
3. Financial benefits/burden relationship between the primary government and the potential component unit, and
4. Misleading to exclude which covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

Based on the previous criteria, the City's management has included the City Court of Denham Springs - Ward II as a component unit of the City of Denham Springs. Since the Judge of the City Court is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the City Court of Denham Springs - Ward II are included as a discretely presented component unit in the City of Denham Springs government-wide financial statements for the year ended June 30, 2019.

Basis of Presentation

Government-Wide Financial Statements

The City Court's basic financial statements include both government-wide (reporting the City Court as a whole) and fund financial statements (reporting the City Court's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. There were no activities of the City Court categorized as a business-type activity.

In the government-wide statement of net position, the governmental activity column (a) is presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resource basis.

The government-wide statement of activities reports both the gross and net cost of the City Court's function. The statement of activities reduces gross expenses by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc.).

The City Court does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City Court as an entity and the change in the City Court's net position resulting from the current year's activities.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The financial transactions of the City Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The various funds are reported by generic classification within the financial statements.

The City Court uses the following fund types:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the City Court:

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

Fiduciary Funds

Agency Funds - Agency funds are used to account for assets held by the City Court in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds consist of the Civil Docket, Criminal Docket, Restitution, and Judicial College Funds. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities of the City Court, these funds are not incorporated into the government-wide financial statements.

Basis of Accounting and Measurement Focus

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

Accrual Basis

The governmental activities in the government-wide financial statements and the fiduciary funds financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

Accrual Basis (Continued)

Revenues of the City Court consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

Modified Accrual Basis

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means that the amount of the transaction can be determined and available means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City Court considers all revenues available if they are collected within sixty days of fiscal year end. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the governmental fund financial statements.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Computer Equipment and Software	5 Years
Office Furniture and Equipment	5 to 10 Years
Office Improvements	20 Years

Budgets and Budgetary Accounting

The proposed budget for the General Fund of the City Court was prepared on the modified accrual basis of accounting by the Clerk of the City Court. The budget was amended during the year ended June 30, 2019.

Accumulated Unpaid Vacation and Sick Pay

Employees who have been employed by the City Court of Denham Springs - Ward II earn 10 days of vacation leave each year. Vacation days must be used by December 31st; no carryover of vacation days is allowed. The City Court's employees earn 10 days of sick leave each year. Sick time is not to be carried over; it must all be used by December 31st.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

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

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and/or inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of a net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

All of the City Court's deferred outflows and inflows of resources on the statement of net position are related to pensions. See Note 6.

Pensions

The City Court is a participating employer in two cost-sharing, multiple-employer defined benefit plans as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2019, the City Court had no outstanding debt.

Fund Balance

The City Court has adopted GASB Statement No. 54 which redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

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.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the City Court. These amounts cannot be used for any other purpose unless the City Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the City Court but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. The City Court has not adopted a policy to maintain the General Fund's unassigned balance above a certain minimum level.

The details of the fund balances are included in the balance sheet --governmental fund (page 13). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the City Court or the assignment has been changed by the City Court. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

Summary Financial Information for 2018

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City Court's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

New Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Management is still evaluating the potential impact of adoption on the City Court's financial statements. This Statement will be effective for the City Court for the fiscal year ending June 30, 2021.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 2. Interest Earned

The Civil and Criminal Dockets, and the Restitution Fund have placed funds in interest-bearing accounts. Since the Dockets operate in a fiduciary capacity and are not required to pay interest on bonds paid in advance of trial, interest income is transferred to the General Fund and used for operations of the City Court.

Note 3. Deposits and Investments

For reporting purposes, cash and cash equivalents include amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the City Court 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 their principal offices in Louisiana.

Under state law, the City Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

At June 30, 2019, the carrying amount of the City Court's cash and cash equivalents totaled \$519,707, and the bank balances were \$595,790. These deposits are stated at cost, which approximates market. The following is a summary of cash and cash equivalents and investments at June 30, 2019:

	Deposits in Bank Accounts		
	Governmental Fund	Agency Funds	Total
Book Balances	\$ 247,075	\$ 272,632	\$ 519,707
Bank Balances	\$ 248,756	\$ 347,034	\$ 595,790

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City Court's deposits may not be recovered. To mitigate this risk, state law requires these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the City Court regardless of their designation by the financial institution in which they are deposited. As of June 30, 2019, \$137,871 of the City Court's bank balance of \$595,790 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the banks.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 4. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Furniture and Fixtures	\$ 14,916	\$ -	\$ -	\$ 14,916
Software	70,300	-	-	70,300
Computer Equipment	60,856	-	-	60,856
Total Capital Assets Being Depreciated	146,072	-	-	146,072
Less Accumulated Depreciation for:				
Furniture and Fixtures	3,353	2,983	-	6,336
Software	1,172	14,060	-	15,232
Computer Equipment	12,641	10,931	-	23,572
Total Accumulated Depreciation	17,166	27,974	-	45,140
Capital Assets, Net	\$ 128,906	\$ (27,974)	\$ -	\$ 100,932

Depreciation expense for the year ended June 30, 2019 was \$27,974.

Note 5. Postretirement Health Care and Life Insurance Benefits

At June 30, 2019, the City Court has no postretirement health care and life insurance benefit plan in existence.

Note 6. Pension Plans

The City Court follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB 68*, for pension plans. These standards revised and established new financial reporting requirements for governments that provide their employees with pension benefits.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

These standards require the City Court to record its proportionate share of each of the pension plans' net pension liability and report the following disclosures:

General Information about the Pension Plans

Plan Descriptions

Parochial Employees' Retirement System of Louisiana

Employees of the City Court may elect to be members of the Parochial Employees' Retirement System (PERS) - Plan B, a cost-sharing, multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by LRS 11:190. PERS - Plan B was designed for those employers that contribute to Social Security. PERS issues a publicly available financial report that can be obtained at www.persla.org.

Louisiana State Employees' Retirement System

The Judge is a member of the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing, multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System. LRS 11:401 grants to LASERS' board of trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

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

Parochial Employees' Retirement System of Louisiana

1. Retirement

All permanent parish government employees (except those employed by Orleans, Lafourche, and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Parochial Employees' Retirement System of Louisiana (Continued)

1. Retirement (Continued)

Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

Age 55 with thirty (30) years of creditable service

Age 60 with a minimum of ten (10) years of creditable service

Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

Age 55 with thirty (30) years of creditable service

Age 62 with a minimum of ten (10) years of creditable service

Age 67 with a minimum of seven (7) years of creditable service

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the members' final average compensation multiplied by his years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

2. Survivor Benefits

Plan B members need ten (10) years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty (20) or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55.

A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

3. Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the retirement system. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan in which they are enrolled for three years and defer the receipt of benefits.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Parochial Employees' Retirement System of Louisiana (Continued)

3. Deferred Retirement Option Plan (Continued)

During participation in the DROP, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date. For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

4. Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he/she was hired prior to January 1, 2007, and has at least five years of creditable service or, if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Parochial Employees' Retirement System of Louisiana (Continued)

5. Cost-of-Living Increases

The Board is authorized to provide a cost-of-living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost-of-living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977 (or the member's retirement date, if later). Also, the Board may provide a cost-of-living increase up to 2.5% for retirees 62 and older (LRS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost-of-living adjustment commencing at age 55.

Louisiana State Employees' Retirement System

1. Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS' rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing 5 to 10 years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

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

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Louisiana State Employees' Retirement System (Continued)

1. Retirement (Continued)

As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after 5 years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is 10 years of service.

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Louisiana State Employees' Retirement System (Continued)

2. Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan. 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.

3. Disability Benefits

All members with 10 or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

Louisiana State Employees' Retirement System (Continued)

4. Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of 5 years of service credit, at least 2 of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

5. Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

Parochial Employees' Retirement System of Louisiana

According to state statute, contributions for all employers are actuarially determined each year. The City Court's required contribution rate for the period July 1, 2018 to June 30, 2019 was 7.5%. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the City Court were \$16,725 for the year ended June 30, 2019.

According to state statute, PERS also receives one-fourth of one percent of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge Parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide statement of activities was \$2,537 for the year ended June 30, 2019.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

General Information about the Pension Plans (Continued)

Contributions (Continued)

Louisiana State Employees' Retirement System

Contribution requirements of active employees are governed by LRS 11:401 and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2018 for the plan for judges hired before January 1, 2011 were 11.5% for the employee and 40.1% for the employer. The status of the plan for judges hired before January 1, 2011 is closed.

The City Court's contractually required composite contribution rate for the year ended June 30, 2019 was 40.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City Court were \$28,035 for the year ended June 30, 2019.

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

At June 30, 2019, the City Court reported a net pension liability of \$52,245 for its proportionate share of PERS and a net pension liability of \$259,839 for its proportionate share of LASERS. For PERS, the net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For LASERS, the net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City Court's proportion of the net pension liability was based on a projection of the City Court's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the City Court's proportion was .193381% for PERS, which was a decrease of .086246% from its proportion measured as of December 31, 2017. At June 30, 2018, the City Court's proportion was .0038100% for LASERS, which was a decrease of .00001% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City Court recognized pension expense of \$33,631 for PERS and pension expense of \$24,427 for LASERS.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

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

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

Deferred Outflows of Resources	PERS	LASERS	Total
Differences between Expected and Actual Experience	\$ 35,775	\$ -	\$ 35,775
Changes in Assumptions	14,517	2,641	17,158
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	3,365	3,365
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	156	14,681	14,837
City Court Contributions Subsequent to the Measurement Date	8,378	28,036	36,414
Total Deferred Outflows of Resources	\$ 58,826	\$ 48,723	\$ 107,549

Deferred Inflows of Resources	PERS	LASERS	Total
Differences between Expected and Actual Experience	\$ -	\$ 2,910	\$ 2,910
Net Difference between Projected and Actual Earnings on Pension Plan Investments	11,641	-	11,641
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	8,376	7,271	15,647
Total Deferred Inflows of Resources	\$ 20,017	\$ 10,181	\$ 30,198

In the year ending June 30, 2020, \$36,414 reported as deferred outflows of resources related to pensions resulting from the City Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	PERS	LASERS	Total
2020	\$ 8,905	\$ 7,667	\$ 16,572
2021	18,625	8,139	26,764
2022	2,901	(5,300)	(2,399)
Total	\$ 30,431	\$ 10,506	\$ 40,937

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

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

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 for PERS and as of June 30, 2018 for LASERS is as follows:

Assumptions	PERS	LASERS
Inflation	2.50%	2.75%
Salary Increases	5.25% including inflation	Salary increases based on 2009-2013 experience study
Investment Rate of Return	6.50% (net of investment expense)	7.65%

For PERS, mortality rates were based on Pub-2010 Public Retirement Plans Mortality Table for health retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using the MP2018 scale. For disabled annuitants, Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018.

For PERS and LASERS cost-of-living adjustments, the present value of future retirement benefits is based on benefits currently being paid by the Systems and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Boards of Trustees.

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up), and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward-looking basis in equilibrium, in which best-estimates 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 rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

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

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the PERS' target asset allocation as of December 31, 2018, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real Assets	2%	0.11%
	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

For LASERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Long-Term Expected Portfolio Real Rate of Return
Cash	-0.48%
Domestic Equity	4.31%
International Equity	5.26%
Domestic Fixed Income	1.49%
International Fixed Income	2.23%
Alternative Instruments	7.67%
Global Asset Allocation	4.96%
Total	5.40%

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

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

Discount Rate

For PERS, the discount rate used to measure the total pension liability was 6.5% which was a decrease of .25% from the prior measurement date of December 31, 2017. For LASERS, the discount rate used to measure the total pension liability was 7.65% which was a decrease of .05% from the prior measurement date of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City Court's proportionate share of the net pension liability calculated using the current discount rate, as well as what the City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of December 31, 2018 for PERS and as of June 30, 2018 for LASERS:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
PERS - Plan B			
City Court's Proportionate Share of the Net Pension Liability (Asset)	\$ 137,452	\$ 52,245	\$ (18,941)
	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
LASERS			
City Court's Proportionate Share of the Net Pension Liability (Asset)	\$ 327,504	\$ 259,839	\$ 200,929

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 6. Pension Plans (Continued)

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

Pension Plans Fiduciary Net Position

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2018. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Detailed information about LASERS' fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payables to the Pension Plans

At June 30, 2019, included in liabilities is a payable in the amount of \$5,810 to PERS and a payable in the amount of \$3,025 to LASERS. This payable is normal legally required contributions to the pension plan.

Note 7. On-Behalf Payments for Salaries and Benefits

The City Court follows GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This standard requires the City Court to report in the financial statements on-behalf salary and fringe benefit payments made by the Livingston Parish Council to the City Court's employees.

Supplementary salary payments are made by the Parish Council directly to the City Court's employees. The City Court is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the Parish Council. For the fiscal year ended June 30, 2019, the Parish Council made supplementary salary and benefit payments of \$25,431 to the City Court's employees.

As an elected official, the Judge statutorily receives a portion of his compensation directly from the City of Denham Springs, the Livingston Parish Council, and the State of Louisiana. As the Judge considers himself to be employed by the State of Louisiana, his compensation is not reflected in these financial statements.

CITY COURT OF DENHAM SPRINGS - WARD II

Notes to Financial Statements

Note 8. Risk Management

The 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 obtained general liability insurance, as well as professional liability insurance for its staff.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

CITY COURT OF DENHAM SPRINGS - WARD II
Schedule of Proportionate Share of the
Net Pension Liability by Plan
For the Year Ended June 30, 2019

PERS*	2019	2018	2017	2016	2015
City Court's Portion of the Net Pension (Asset)/Liability	0.193381%	0.279627%	0.293920%	0.294650%	29.291000%
City Court's Proportionate Share of the Net Pension (Asset)/Liability	\$ 52,245	\$ (35,183)	\$ 38,182	\$ 52,461	\$ 813
City Court's Covered-Employee Payroll	\$ 176,875	\$ 195,825	\$ 292,795	\$ 283,195	\$ 246,552
City Court's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered-Employee Payroll	29.54%	-17.97%	13.04%	18.52%	0.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	91.93%	101.97%	95.50%	93.48%	99.89%
LASERS*	2019	2018	2017	2016	2015
City Court's Portion of the Net Pension Liability	0.003810%	0.003820%	0.003760%	0.003480%	0.003520%
City Court's Proportionate Share of the Net Pension Liability	\$ 259,839	\$ 268,883	\$ 295,256	\$ 236,827	\$ 219,914
City Court's Covered-Employee Payroll	\$ 96,800	\$ 69,600	\$ 66,600	\$ 64,800	\$ 63,270
City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	268.43%	386.33%	443.33%	365.47%	347.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.30%	62.54%	57.73%	62.66%	65.02%

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

* For PERS, the amounts presented were determined as of the calendar year-end that occurred within the fiscal year. For LASERS, the amounts presented have a measurement date of the previous fiscal year-end.

See independent auditor's report.

CITY COURT OF DENHAM SPRINGS - WARD II
Schedule of Contributions by Plan
For the Year Ended June 30, 2019

PERS	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 16,725	\$ 14,676	\$ 20,871	\$ 25,258	\$ 24,215
Contributions in Relation to the Contractually Required Contribution	(16,725)	(14,676)	(20,871)	(25,258)	(24,215)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City Court's Covered-Employee Payroll	\$ 223,000	\$ 195,825	\$ 260,877	\$ 297,295	\$ 261,446
Contributions as a Percentage of Covered-Employee Payroll	7.50%	7.50%	8.00%	8.50%	9.26%
LASERS	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 28,035	\$ 27,909	\$ 25,840	\$ 25,375	\$ 26,892
Contributions in Relation to the Contractually Required Contribution	(28,035)	(27,909)	(25,840)	(25,375)	(26,892)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City Court's Covered-Employee Payroll	\$ 70,008	\$ 69,600	\$ 68,000	\$ 66,600	\$ 64,800
Contributions as a Percentage of Covered-Employee Payroll	40.10%	40.10%	38.00%	38.10%	41.50%

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CITY COURT OF DENHAM SPRINGS - WARD II
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended June 30, 2019

Agency Head
Honorable Jerry L. Denton, Judge

Purpose	Amount Paid by the Court
Salary	\$70,008
Benefits - Insurance	\$0
Benefits - Retirement	\$28,035
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$1,603
Continuing Professional Education Fees	\$6,730
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

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

Independent Auditor's Report

Judge Jerry L. Denton
City Court of Denham Springs - Ward II
Denham Springs, Louisiana

We 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, each major fund, and the aggregate remaining fund information of the City Court of Denham Springs - Ward II (the City Court), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City Court of Denham Springs - Ward II's basic financial statements, and have issued our report thereon dated October 23, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City Court'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Baton Rouge, LA
October 23, 2019

CITY COURT OF DENHAM SPRINGS - WARD II
Schedule of Findings and Responses
For the Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to financial statements noted? None

Federal Awards

Not applicable.

Section II. Financial Statement Findings

None.

Section III. Federal Awards Findings and Questioned Costs

Not applicable.

CITY COURT OF DENHAM SPRINGS - WARD II
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

None.

AGREED-UPON PROCEDURES REPORT

City Court of Denham Springs - Ward II

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period of July 1, 2018 - June 30, 2019

To City Court of Denham Springs - Ward II and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by City Court of Denham Springs - Ward II (the City Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The City Court's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results 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.

Results: Procedures a through k were not applicable due to no exceptions being found in the prior year testing. When performing procedure k, we obtained the written Disaster Recovery/Business Continuity policy of the City Court and all of the areas were met without exception.

Bank Reconciliations

- 2. 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within two 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); and

- c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained a listing of bank accounts from the City Court and management's representation that the listing is complete. We selected the main operating and four additional bank accounts and obtained bank statements and reconciliations. We performed procedures 2(a) and 2(b) without exception. While performing procedure 2(c), we noticed that four of the bank accounts selected had multiple items that were outstanding for longer than 12 months.

Collections

3. 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 five deposit sites (or all deposit sites if less than five).

Results: We obtained from the City Court a listing of cash deposit sites and management's representation that the listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: The City Court has only one collection location, which was selected for testing. We performed the procedures noting no exceptions.

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

Results: We noted that employees who are responsible for collecting cash are bonded.

6. Randomly select two deposit dates for each of the five bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
 - d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e. Trace the actual deposit per the bank statement to the general ledger.

Results: Five bank accounts were tested. No exceptions were found in performing procedures 6(a), 6(b), 6(c), and 6(e). In regard to 6(d), we noted that two deposits were not deposited within one day of receipt.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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



A Professional Accounting Corporation

Baton Rouge, LA
October 23, 2019

CITY COURT OF
DENHAM SPRINGS



STATE OF LOUISIANA
LIVINGSTON PARISH

JERRY L. DENTON, JR.
JUDGE

Mr. Daryl Purpera
Louisiana Legislative Auditor
1600 N 3rd St.
P.O. Box 94397
Baton Rouge, LA 70804-9397

RE: Statewide Agreed-upon Procedures

The management of the City Court of Denham Springs - Ward 2 wishes to provide the following responses relative to the results of the 2019 statewide agreed-upon procedures engagement:

1. Bank reconciliations - We will research checks and deposits outstanding more than 12 months.
2. Collections - The Court will work to make deposits within one day of collection.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jerry Denton".

Jerry Denton
Denham Springs City Court Judge