

**Springhill City Court  
Springhill, Louisiana  
A Component Unit of the City of Springhill, Louisiana  
Annual Financial Statements  
As of June 30, 2018**

Springhill City Court  
Springhill, Louisiana  
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## Independent Auditors' Report

John B. Slattery  
Springhill City Court Judge  
Springhill City Court

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court, a component unit of the City of Springhill, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information shown on pages 19-23, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Springhill City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on page 24 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Head shown on page 24 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018 on our consideration of Springhill City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Springhill City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springhill City Court's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 26, 2018

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Statement of Net Position  
Governmental Activities  
June 30, 2018

ASSETS

Cash and cash equivalents	\$	49,218
Investments		8,500
Receivables		130
Capital assets (net)		4,138
Total assets		61,986

LIABILITIES

Accounts payable		2,384
Accrued expenses		1,856
Total liabilities		4,240

NET POSITION

Net investment in captial assets		4,138
Restricted for:		
Witness fees		31,390
Probation		17,352
Juvenile probation		9,400
Unrestricted		(4,534)
Total net position	\$	57,746

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2018

	Functions / Programs				
	Total	Judicial	Witness	Probation	Juvenile Probation
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
Expenses:					
Salaries	\$ 227,375	\$ 227,375	\$	\$	\$
Employee benefits	5,010	5,010			
Office expense	16,534	16,534			
Travel and other charges	16,910	16,910			
Professional fees	15,758	15,758			
Other	492			492	
Witness fees	3,500		3,500		
Restitution	6,301				6,301
Depreciation expense	1,841	1,841			
Total expenses	<u>293,721</u>	<u>283,428</u>	<u>3,500</u>	<u>492</u>	<u>6,301</u>
Program revenues:					
Charges for services - fines and fees	128,826	80,386	3,253	35,910	9,277
Operating grants and contributions	152,967	152,967			
Net program revenue (expenses)	<u>(11,928)</u>	<u>(50,075)</u>	<u>(247)</u>	<u>35,418</u>	<u>2,976</u>
General revenues:					
Miscellaneous revenues	1,132				
Interest income	54				
Total general revenues	<u>1,186</u>				
Change in net position	(10,742)				
Net position - beginning	<u>68,488</u>				
Net position - ending	<u>\$ 57,746</u>				

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Balance Sheet  
Governmental Funds  
June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 103	\$ 22,513	\$ 17,235	\$ 9,367	\$ 49,218
Investments		8,500			8,500
Receivables	130				130
Due from other funds		377	117	33	527
<b>Total assets</b>	<b>\$ 233</b>	<b>\$ 31,390</b>	<b>\$ 17,352</b>	<b>\$ 9,400</b>	<b>\$ 58,375</b>
<b>Liabilities</b>					
Accounts payable	\$ 2,384	\$	\$	\$	\$ 2,384
Accrued expenses	1,856				1,856
Due to other funds	527				527
<b>Total liabilities</b>	<b>4,767</b>				<b>4,767</b>
<b>Fund Balance</b>					
Restricted		31,390	17,352	9,400	58,142
Unassigned	(4,534)				(4,534)
<b>Total fund balances</b>	<b>(4,534)</b>	<b>31,390</b>	<b>17,352</b>	<b>9,400</b>	<b>53,608</b>
<b>Total liabilities and fund balances</b>	<b>\$ 233</b>	<b>\$ 31,390</b>	<b>\$ 17,352</b>	<b>\$ 9,400</b>	

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.

4,138

Net Position of Governmental Activities

\$ 57,746

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
<b>Revenues:</b>					
Fines	\$ 40,856	\$ 3,253	\$ 35,910	\$ 9,277	\$ 89,296
Court costs	39,530				39,530
Other fees	1,132				1,132
Intergovernmental					
On-behalf payments	148,112				148,112
Other	4,855				4,855
Interest income	32	22			54
Total revenues	<u>234,517</u>	<u>3,275</u>	<u>35,910</u>	<u>9,277</u>	<u>282,979</u>
<b>Expenditures:</b>					
Current:					
General government					
Salaries	91,663				91,663
Employee benefits	5,010				5,010
On-behalf payments	148,112				148,112
Office expense	16,534				16,534
Travel and other charges	16,910				16,910
Professional fees	3,358				3,358
Witness fees		3,500			3,500
Restitution				6,301	6,301
Other			492		492
Total expenditures	<u>281,587</u>	<u>3,500</u>	<u>492</u>	<u>6,301</u>	<u>291,880</u>
Excess (deficiency) of revenues over expenditures	<u>(47,070)</u>	<u>(225)</u>	<u>35,418</u>	<u>2,976</u>	<u>(8,901)</u>
Other financing sources (uses):					
Transfers in	45,383				45,383
Transfers out			(45,383)		(45,383)
Total other financing sources (uses)	<u>45,383</u>		<u>(45,383)</u>		
Net change in fund balances	(1,687)	(225)	(9,965)	2,976	(8,901)
Fund balances at beginning of year	<u>(2,847)</u>	<u>31,615</u>	<u>27,317</u>	<u>6,424</u>	<u>62,509</u>
Fund balances at end of year	<u>\$ (4,534)</u>	<u>\$ 31,390</u>	<u>\$ 17,352</u>	<u>\$ 9,400</u>	<u>\$ 53,608</u>

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Fund to the Statement of Activities  
For the Year Ended June 30, 2018

Net change in fund balances - total governmental fund \$ (8,901)

Amounts reported for governmental activities in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However,  
in the statement of activities, the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense.  
This is the amount by which depreciation (\$1,841) exceeded  
capital outlay (\$0) in the current period.

(1,841)

Change in net position of governmental activities

\$ (10,742)

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Statement of Fiduciary Net Position  
Agency Funds  
June 30, 2018

<b>Assets</b>	
Cash and cash equivalents	<u>\$ 45,067</u>
Total assets	<u><u>\$ 45,067</u></u>
<b>Liabilities</b>	
Unsettled deposits	<u>\$ 45,067</u>
Total liabilities	<u><u>\$ 45,067</u></u>

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

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018

INTRODUCTION

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

C. FUND ACCOUNTING

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

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

Governmental Funds

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

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

period programs or operations of the Court. For the year ended June 30, 2018, the City Court's major funds were the general fund, witness fund, probation fund, and juvenile probation fund.

A description of the courts funds is as follows:

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

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

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

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

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

#### Fiduciary Funds

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

#### D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

##### Fund Financial Statements (FFS)

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

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

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

Revenues

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

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

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

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

Expenditures

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

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

Other Financing Sources (Uses)

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

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the non-fiduciary activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

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

E. CASH AND CASH EQUIVALENTS

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

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

F. CAPITAL ASSETS

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

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

G. INTERFUND ACTIVITY

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

H. USE OF ESTIMATES

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

I. NET POSITION

Net position represents the difference between assets and liabilities. Unrestricted net position represents net position not appropriable for expenditures or legally segregated for a specific future use. Restricted net position represents external restrictions imposed by laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Court's policy is to first apply restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

J. FUND BALANCE

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

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

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

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

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Court has no transactions that meet the definition of deferred outflows of resources.

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

(2) BUDGET

The proposed budget for the year ended June 30, 2018 was adopted on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2018.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

At June 30, 2018, the Court has cash, cash equivalents, and investments (book balances) totaling \$102,785 as follows:

A. Cash and cash equivalents:

Governmental Funds:	
General Fund	\$ 103
Witness Fee Fund	22,513
Probation Fund	17,235
Juvenile Probation Fund	<u>9,367</u>
Total Governmental Funds	<u>49,218</u>
Fiduciary (Agency) Funds:	
Civil Fund	36,311
Fines Fund	5,135
Worthless Check Fund	<u>3,621</u>
Total Fiduciary (Agency) Funds	<u>45,067</u>
Total – All Funds	<u>\$ 94,285</u>

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2017  
(Continued)

These deposits with financial institutions are stated at cost, which approximates market value. At June 30, 2018, the carrying amount of the Court's deposits was \$94,285, and the collected bank balance was \$114,011. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

B. Investments

At June 30, 2018, the court held a certificate of deposit totaling \$8,500 in the Witness Fund that was classified as an investment since its maturity was in excess of ninety days subsequent to the initial purchase. The certificate of deposit is carried at cost which approximates market value and is secured by federal deposit insurance. Investments are limited by Louisiana Revised Statute (R. S.) 33:2955.

C. Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances of \$122,511 were protected by federal depository insurance.

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

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

(4) EXPENDITURES OF THE COURT PAID BY THE CITY

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

(5) ON-BEHALF PAYMENTS FOR SALARIES, FRINGE BENEFITS AND OTHER EXPENSES

The Court reports in the financial statement on-behalf salary, fringe benefit, and other expense payments made to the Court and its employees by the City of Springhill, the Webster Parish Police Jury, and the State of Louisiana. For the year ended June 30, 2018, the City of Springhill, Webster Parish Police Jury, and the State of Louisiana made supplementary salary, benefit, and other expense payments totaling approximately \$148,112 to the court and its employees.

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

(6) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
Governmental Activities:				
Computer equipment and software	\$ 26,674	\$	\$	\$ 26,674
Office equipment	18,390			18,390
Totals at historical cost	<u>45,064</u>			<u>45,064</u>
Less accumulated depreciation				
Computer equipment and software	(21,314)	(1,566)		(22,880)
Office equipment	<u>(17,771)</u>	<u>(275)</u>		<u>(18,046)</u>
Total accumulated depreciation	<u>(39,085)</u>	<u>(1,841)</u>		<u>(40,926)</u>
Governmental activities capital assets, net	<u>\$ 5,979</u>	<u>\$</u>	<u>\$</u>	<u>\$ 4,138</u>

Depreciation expense for the year ended June 30, 2018, totaled \$1,841 and was charged to the general fund.

(7) LEASES

The Court leases a copier under an operating lease. Rental costs on the lease for the year ended June 30, 2018 was \$1,190. Commitments under lease agreements having initial remaining terms in excess of one year are as follows:

For the Year Ending <u>June 30,</u>	
2019	<u>\$ 1,164</u>
Total minimum future rentals	<u>\$ 1,164</u>

(Continued)

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to the Financial Statements  
June 30, 2018  
(Continued)

(8) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2018 consisted of the following:

	Transfer To	Transfer From
Governmental Funds:		
General	\$ 45,383	\$
Probation Fund		45,383
	\$ 45,383	\$ 45,383

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

(9) INTERFUND BALANCES

Interfund balances at June 30, 2018 consisted of the following:

	Due To Other Fund	Due From Other Fund
Governmental Funds:		
General	\$ 527	\$
Witness Fund		377
Probation Fund		117
Juvenile Probation Fund		33
	\$ 527	\$ 527

(10) CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	Civil Fund	Fines Fund	Worthless Check Fund	Total
Balance at June 30, 2017	\$ 30,424	\$ 7,222	\$ 3,621	\$ 41,267
Additions	101,091	185,734		286,825
Reductions	( 95,204)	( 187,821)		( 283,025)
Balance at June 30, 2018	\$ 36,311	\$ 5,135	\$ 3,621	\$ 45,067

(12) SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 26, 2018, the date the financial statements were available to be issued.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
<b>Revenues:</b>				
Fines and court costs	\$ 82,450	\$ 81,300	\$ 80,386	\$ (914)
Interest income	30	31	32	1
Miscellaneous	20,420	5,900	5,987	87
Total revenues	<u>102,900</u>	<u>87,231</u>	<u>86,405</u>	<u>(826)</u>
<b>Expenditures:</b>				
General government:				
Accounting	15,272	3,500	3,358	142
Dues	820	1,600		1,600
Library	3,300	3,300	3,244	56
Office expense	11,390	11,200	13,458	(2,258)
Other	1,515	6,060		6,060
Salaries	99,046	90,050	91,663	(1,613)
Taxes - payroll	5,254	5,254	5,010	244
Telephone	1,750	1,825		1,825
Travel, seminars, and meetings	18,025	14,800	16,910	(2,110)
Total expenditures	<u>156,372</u>	<u>137,589</u>	<u>133,643</u>	<u>3,946</u>
Excess of revenues over expenditures	(53,472)	(50,358)	(47,238)	3,120
<b>Other financing sources (uses):</b>				
Transfers in	55,300	52,000	45,383	(6,617)
Total other financing sources (uses)	<u>55,300</u>	<u>52,000</u>	<u>45,383</u>	<u>(6,617)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,828	1,642	(1,855)	(3,497)
Fund balance at beginning of year	482	2,310	(2,080)	(4,390)
Fund balance at end of year	<u>\$ 2,310</u>	<u>\$ 3,952</u>	<u>\$ (3,935)</u>	<u>\$ (7,887)</u>

See accompanying note to the required supplementary schedule.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Witness Fund  
For the Year Ended June 30, 2018

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance- Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Fines and court costs	\$ 2,826	\$ 2,941	\$ 115
Interest	24	22	(2)
Total revenues	<u>2,850</u>	<u>2,963</u>	<u>113</u>
Expenditures:			
General government:			
Witness fees	<u>2,677</u>	<u>3,188</u>	<u>(511)</u>
Total expenditures	<u>2,677</u>	<u>3,188</u>	<u>(511)</u>
Excess of revenues over expenditures	173	(225)	(398)
Fund balance at beginning of year	<u>21,447</u>	<u>31,615</u>	<u>10,168</u>
Fund balance at end of year	<u>\$ 21,620</u>	<u>\$ 31,390</u>	<u>\$ 9,770</u>

See accompanying note to the required supplementary schedule.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Probation Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other fees and restitution	\$ 43,803	\$ 36,000	\$ 35,910	\$ (90)
Total revenues	<u>43,803</u>	<u>36,000</u>	<u>35,910</u>	<u>(90)</u>
Expenditures:				
General government:				
Office expense	555	490	492	(2)
Total expenditures	<u>555</u>	<u>490</u>	<u>492</u>	<u>(2)</u>
Excess of revenues over expenditures	43,248	35,510	35,418	(92)
Other financing sources (uses):				
Transfers out	(55,366)	(44,000)	(45,383)	(1,383)
Total other financing sources (uses)	<u>(55,366)</u>	<u>(44,000)</u>	<u>(45,383)</u>	<u>(1,383)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(12,118)	(8,490)	(9,965)	(1,475)
Fund balance at beginning of year	<u>27,216</u>	<u>15,098</u>	<u>27,317</u>	<u>12,219</u>
Fund balance at end of year	<u>\$ 15,098</u>	<u>\$ 6,608</u>	<u>\$ 17,352</u>	<u>\$ 10,744</u>

See accompanying note to the required supplementary schedule.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
Juvenile Probation Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other fees and restitution	\$ 4,885	\$ 9,300	\$ 9,277	\$ (23)
Total revenues	<u>4,885</u>	<u>9,300</u>	<u>9,277</u>	<u>(23)</u>
Expenditures:				
General government:				
Restitution		6,300	6,301	(1)
Other	43			
Total expenditures	<u>43</u>	<u>6,300</u>	<u>6,301</u>	<u>(1)</u>
Excess of revenues over expenditures	4,842	3,000	2,976	(24)
Fund balance at beginning of year	<u>923</u>	<u>5,765</u>	<u>7,304</u>	<u>1,539</u>
Fund balance at end of year	<u>\$ 5,765</u>	<u>\$ 8,765</u>	<u>\$ 10,280</u>	<u>\$ 1,515</u>

See accompanying note to the required supplementary schedule.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Notes to Budgetary Comparison Schedules  
For the Year Ended June 30, 2018

Budget comparison statements included in the accompanying financial statements include the original and amended budgets. There was one amendment to the budget for the year ended June 30, 2018. The Court's budgets are prepared on the cash basis of accounting for all funds. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Witness Fund</u>	<u>Probation Fund</u>	<u>Juvenile Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$( 1,855)	\$( 225)	\$( 9,965)	\$ 2,976
Adjustments:				
Revenue accruals – net				
Expenditure accruals – net	<u>168</u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$( 1,687)</u>	<u>\$( 225)</u>	<u>\$( 9,965)</u>	<u>\$ 2,976</u>

The Witness Fund had excess expenditures over appropriations in the amount of \$511.

Springhill City Court  
A Component Unit of the City of Springhill, Louisiana  
Schedule of Compensation, Benefits, and other Payments to Agency Head  
For the Year Ended June 30, 2018

Agency Head: John B. Slattery, Judge

**SECTION I**

**Paid by the City of Springhill City Court**

<b>Purpose</b>	<u>Amount</u>
Salary	\$ 32,288
Hotel	4,524
Mileage	1,870
Meals	1,858
Registration Fees	2,420
Miscellaneous reimbursements	201

**SECTION II**

**Paid by the City of Springhill**

<b>Purpose</b>	
Salary	9,528

**Paid by Webster Parish Police Jury**

<b>Purpose</b>	
Salary	4,800

# COOK & MOREHART

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

Independent Auditors' Report

John B. Slattery  
Springhill City Court Judge  
Springhill City Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements, and have issued our report thereon dated December 26, 2018.

### Internal Control over Financial Reporting

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Springhill City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Year Audit Findings as item 2018-001.

### Springhill City Court's Response to Finding

Springhill City Court's response to the finding identified in our audit is described in the accompanying Schedule of Current Year Audit Findings. Springhill City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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



Cook & Morehart  
Certified Public Accountants  
December 26, 2018

Springhill City Court  
Springhill, Louisiana  
Summary Schedule of Prior Year Audit Findings  
For Louisiana Legislative Auditor  
June 30, 2018

There was one significant deficiency for the prior year audit ended June 30, 2017, as follows:

**2017-001 Controls Over Agency Fund Transactions**

*Significant Deficiency:* During our audit, we noted several posting errors with regards to the Civil and Fines agency funds. In addition, we noted an inadequate segregation of duties with regards to accepting payments and posting transactions to agency funds subsidiary ledgers and reconciliation of the subsidiary ledgers to the Court's accounting records.

*Recommendation:* We recommend that someone independent of accepting payments and making deposits review the subsidiary ledgers and general ledger postings to ensure funds are properly posted.

*Current Status:* Improvement noted. No significant deficiency reported in current year audit.

Schedule of Current Year Audit Findings  
For Louisiana Legislative Auditor  
June 30, 2018

There is one finding for the current year audit for the year ended June 30, 2018, as noted below.

**2018-001 Finding**

*Criteria:* The Local Government Budget Act sets forth the requirements for adopting and amending the Town's budget.

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

*Cause:* The Court did not appropriately amend the budget for the General Fund when anticipated revenues were less than budgeted amounts by more than five percent and when anticipated expenditures for the Witness Fund exceeded budgeted amounts by more than five percent.

*Effect:* The Court was not in compliance with the Local Government Budget Act.

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

*Management's Response:* The Court will closely monitor its budget throughout the year and amend the budget when actual plus projected expenditures and other financing uses are expected to exceed budgeted amounts by 5% or more and when actual plus projected revenues and other financing sources are expected to be less than budgeted amounts by five percent or more.

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

Judge John B. Slattery, Jr.

Springhill City Court  
Springhill, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Springhill City Court, 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, 2017 through June 30, 2018. Springhill City Court's (Court) management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### *Written Policies and Procedures*

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

**Board (or Finance Committee, if applicable)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The Court's judge is an independently elected official and is not required to have board or finance committee meetings.

**Bank Reconciliations**

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations selected included evidence that they were prepared within 2 months of the related statement closing date

- 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

Bank reconciliations selected included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

- 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.

Bank reconciliations selected did not have items that have been outstanding for more than 12 months.

### ***Collections***

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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

- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Management provided the requested information, along with management's representation that the listing was complete. Employees responsible for cash collections are responsible for preparing/making bank deposits; however, deposits are reviewed and reconciled to supporting documentation by another Court employee on a periodic basis. The employee responsible for reconciling cash collections to the general ledger and subsidiary ledgers by revenue source is responsible for collecting cash; however, deposits are reviewed and reconciled to supporting documentation by another Court employee on a periodic basis.

*Exception:* Employees responsible for cash collections share the same cash drawer. In addition, the employee responsible for posting collection entries to the general ledger is also responsible for collecting payments.

*Management's Response:* The Court is a small entity, and it may not be cost effective to implement additional controls in regards to collections. All deposits are reviewed and reconciled to supporting documentation by another Court employee who is independent of those collections.

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

All employees are covered by a blanket insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) Trace the actual deposit per the bank statement to the general ledger.

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

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

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

*Management's Response:* The Court is a small entity and it may not be cost effective to segregate all duties.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original invoice/billing statement.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

*Management's Response:* The Court is a small entity and it may not be cost effective to segregate all duties.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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

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

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

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

There were no finance charges or late fees on the statements selected for testing.

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

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

*Exception:* The 2 transactions selected for testing did not have documentation of business purpose.

*Management's Response:* The Court will ensure that the business purpose is clearly noted on all receipts in the future.

### ***Travel and Expense Reimbursement***

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

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

Management provided the requested information, along with management's representation that the listing is complete. The five reimbursements selected for testing were within State of Louisiana per diem rates, supported by an original itemized receipt that identified what was purchased, supported by documentation of business purpose, and was reviewed and approved, in writing, by someone other than the person receiving the reimbursement

### ***Contracts***

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

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

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Contracts selected for testing were not subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

The contracts selected for testing was approved by the Judge.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

The contracts selected for testing were not amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

For the invoices selected for testing, invoices agreed to the contract terms, and the related payment agreed to the terms and conditions of the contract.

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

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

Management provided the requested information, along with management's representation that the listing is complete. For the 5 employees selected for testing, the paid salaries agreed with the authorized salaries/pay rates in the personnel files, except as noted below:

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

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

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

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

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

*Exception:* For the transactions selected for testing, 3 of the 5 did not document their daily attendance and leave.

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

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

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

*Exception:* For the transactions selected for testing, 3 of the 5 did not document or have supervisory approval their daily attendance and leave.

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

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

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

*Exception:* For the transactions selected for testing, 3 of the 5 did not document their daily attendance and leave.

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

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

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

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

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

#### ***Ethics (excluding nonprofits)***

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

The Court maintained documentation that each employee/official completed one hour of ethics training during the fiscal period, and that each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

#### ***Debt Service (excluding nonprofits)***

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

The Court does not have any outstanding debt.

#### ***Other***

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing,

obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

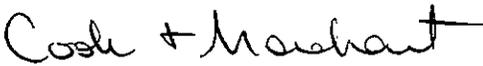
Management is not aware of any misappropriation of public funds or assets.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Court has posted on its premises the notice required by R.S. 24:523.1. The Court does not have a website.

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

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



Cook & Morehart  
Certified Public Accountants  
December 26, 2018