

**Pineville City Court
Pineville, Louisiana**

Audited Financial Statements

For the Year Ended December 31, 2018

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1
GOVERNMENT-WIDE FINANCIAL STATEMENTS	4
Statement of Net Position	5
Statement of Activities	6
FUND FINANCIAL STATEMENTS.....	7
Governmental Funds:	
Balance Sheet-Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	11
Fiduciary Funds:	
Statement of Fiduciary Net Assets-Fiduciary Funds	12
NOTES TO FINANCIAL STATEMENTS.....	13
REQUIRED SUPPLEMENTARY INFORMATION	28
Pension information.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual	30
SUPPLEMENTARY INFORMATION	31
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	32

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Schedule of Findings and Questioned Costs.....	35
Management’s Corrective Action Plan.....	38
Summary Schedule of Prior Audit Findings	40
Independent Accountant’s Report on Applying Agreed-Upon Procedures.....	41



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

4641 WINDERMERE PLACE
ALEXANDRIA, LA 71303

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE (318) 448-3556 FAX (318) 448-4236
acct@oandcocpas.com

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. DeSELLE, CPA

Independent Auditor's Report

To the Honorable Judge Gary Hays
Pineville City Court Judge
Pineville, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pineville City Court, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Pineville 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 an opinion 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Pineville City Court as of December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pineville City Court's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer included on page 32 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates

directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 May 31, 2019, on our consideration of the Pineville 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 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 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 Pineville City Court's internal control over financial reporting and compliance.

Oestriecher & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

May 31, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Pineville City Court
Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 512,177
Capital assets, net of accumulated depreciation	<u>69,672</u>
Total assets	<u>581,849</u>
DEFERRED OUTFLOWS OF RESOURCES	111,491
 <u>Liabilities</u>	
Current liabilities	
Accounts payable	4,128
Other current liabilities	<u>3,661</u>
Total current liabilities	<u>7,789</u>
 Long term liabilities	
Pension liability	<u>306,351</u>
Total liabilities	<u>314,140</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,657</u>
 <u>Net Position</u>	
Net investment in capital assets	69,672
Restricted for building maintenance\improvements	82,189
Unrestricted net position	<u>218,682</u>
Total net position	<u><u>\$ 370,543</u></u>

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

**Pineville City Court
Statement of Activities
For The Year Ended December 31, 2018**

		Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>		<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES						
Primary Government						
Governmental activities	\$ 460,924	\$ 370,558	\$ -	\$ -		\$ (90,366)
Total governmental activities	460,924	370,558	-	-		(90,366)
Total primary government	\$ 460,924	\$ 370,558	\$ -	\$ -		\$ (90,366)
General revenues:						
						\$ -
						5,766
						5,766
						(84,600)
						455,143
						\$ 370,543

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

FUND FINANCIAL STATEMENTS

Pineville City Court
Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Judicial Building Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 426,771	\$ 85,406	\$ 512,177
Due from other funds	-	-	-
Total assets	\$ 426,771	\$ 85,406	\$ 512,177
<u>Liabilities and fund balance</u>			
Liabilities:			
Accounts payable	\$ 911	\$ 3,217	\$ 4,128
Other current liabilities	3,661	-	3,661
Total liabilities	4,572	3,217	7,789
Fund balance:			
Restricted	-	82,189	82,189
Unassigned	422,199	-	422,199
Total fund balances	422,199	82,189	504,388
Total liabilities and fund balances	\$ 426,771	\$ 85,406	\$ 512,177

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

**Pineville City Court
Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Position
December 31, 2018**

Total fund balance-total governmental funds		\$ 504,388
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (government-wide financial statements) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.</p>		
Cost of assets	340,937	
Accumulated depreciation	<u>(271,265)</u>	
		69,672
<p>Pension liabilities and related deferred inflows and outflow of resources are not reported in the governmental funds but are reported in the government-wide financial statements</p>		
Pension liability	(306,351)	
Deferred inflows of resources	(8,657)	
Deferred outflows of resources	<u>111,491</u>	
		<u>(203,517)</u>
Total net position of governmental activities (government-wide financial statements)		<u><u>\$ 370,543</u></u>

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

Pineville City Court
Statement of Revenues, Expenditures, and Changes
in Fund Balances-Governmental Funds
For the year ended December 31, 2018

	General Fund	Judicial Building Fund	Total Governmental Funds
Revenues:			
Court costs	\$ 179,140	\$ 47,602	\$ 226,742
Probation fees	143,816	-	143,816
Miscellaneous	5,862	-	5,862
Total revenues	<u>328,818</u>	<u>47,602</u>	<u>376,420</u>
Expenditures:			
Current:			
General Fund	362,943	-	362,943
Building Fund	-	37,310	37,310
Capital outlay	417	25,581	25,998
Total expenditures	<u>363,360</u>	<u>62,891</u>	<u>426,251</u>
Excess (deficiency) of revenues over expenditures	(34,542)	(15,289)	(49,831)
Other financing sources (uses)			
Transfers (to) from other funds	-	-	-
Fund balances, beginning	456,741	97,478	554,219
Fund balances, ended	<u>\$ 422,199</u>	<u>\$ 82,189</u>	<u>\$ 504,388</u>

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

Pineville City Court
Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the year ended December 31, 2018

Net changes in fund balances-total governmental funds (fund financial statements)	\$ (49,831)
--	-------------

Amounts reported for *governmental activities* in the statement of activities (government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund. Government activities report depreciation expense to allocate the cost of those capital assets over the estimated useful life.

Capital expenditures	25,998
Depreciation expense	(10,910)

Differences between the amounts reported as an expense in the statement of activities and those reported as an expense in the fund financial statements

Pension expense	(49,857)
-----------------	----------

Change in net position of governmental activities (government-wide financial statements)	<hr style="border: 1px solid black;"/> <u>\$ (84,600)</u>
---	---

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

Pineville City Court
Statement of Fiduciary Net Assets-Fiduciary Funds
December 31, 2018

	Civil Fees Fund	Criminal Bonds Fund	Appeal Bonds Fund	Total
<u>Assets</u>				
Cash	\$ 570,713	\$ 561	\$ 18,570	\$ 589,844
Total assets	<u>\$ 570,713</u>	<u>\$ 561</u>	<u>\$ 18,570</u>	<u>\$ 589,844</u>
<u>Liabilities and Net Assets</u>				
Amounts held for disposition	\$ 570,713	\$ 561	\$ 18,570	\$ 589,844
Total liabilities	<u>\$ 570,713</u>	<u>\$ 561</u>	<u>\$ 18,570</u>	<u>\$ 589,844</u>

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

NOTES TO FINANCIAL STATEMENTS

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

Introduction

The financial statements of the Pineville City Court have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Court's accounting policies are described below.

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

A. Reporting Entity

Pineville City Court (the Court) was established under the authority of Louisiana Revised Statutes 13:1871-2512. Its territorial jurisdiction extends throughout Wards 9, 10, and 11 of Rapides Parish in which the City of Pineville is located. The Court is composed of a City Judge (elected) and a clerk of court (appointed by the City Judge).

Funds flowing through the Court consist mainly of court costs and penalties in criminal cases, probation fees, and deposits in civil cases. In all criminal matters, the Judge assesses court costs in accordance with state statutes. The Judge uses these revenues to defray the operating expenses of the Court or for the payment of clerical fees and similar expenditures as approved by the Judge.

The financial statements of the Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and interpretations), constitutes GAAP for governmental units.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

Some of the criteria considered under “legally separate organization” are: (1) the capacity for the organization to have its own name; (2) the right for the organization to sue and be sued in its own name without recourse to the primary government; and (3) the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to be considered “financially accountable” include: (1) appointment of a voting majority impose its will on the organization; (3) potential to provide specific financial benefits to or improve specific financial burdens on the primary government; and (4) fiscal dependence of the organization.

The Pineville City Court is a potential component unit of the City of Pineville, Louisiana. However, the Pineville City Court is a separate reportable entity from the City of Pineville because it is an autonomous unit and is a separate political division of the Judicial Division of the State of Louisiana. The City Judge, an elected official, has the ability to exercise accountability for fiscal matters. The Pineville City Court is financially independent from the City of Pineville, Louisiana.

Governmental Funds –

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

Building Fund – Fees are collected from each suit that comes through the Court. These fees are used at the Judge’s discretion to pay for building and equipment upkeep. The net position of the Building Fund is restricted.

Fiduciary Funds –

Agency Funds - Agency funds are used to account for assets held by Pineville City Court as an agent for other governmental departments, other organizations, and other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Civil Fees Fund - Advance court costs are deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The Court acts only as a collection agent for fees in civil matters. As the suits are processed, the various fees earned are paid out on a monthly basis. Thus, the activity in this account is not reflected in the statement of revenues collected and expenditures paid. After a case is dismissed, any excess deposit is refunded to the plaintiff.

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

Criminal Bonds Fund – The fund is used to account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for criminal offenses. Bonds posted by violators are held until their cases are heard in Pineville City Court. At that time, the bonds for persons convicted of violations are distributed to various agencies.

Appeals Bonds Fund – This fund is used to account for cash bonds posted by defendants that have appealed the outcome of their case.

B. Basis of Presentation

The Court’s basic financial statements consist of Government-Wide Financial Statements which include a Statement of Net Position and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for Pineville City Court as a whole excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities from business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns.

C. Fund Financial Statements

The Court uses the funds and account groups to report on its financial position and the results of its operations. 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.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

Governmental Funds

Governmental funds account for all or most of the Court's 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 that may be used to finance future period programs or operations of the Court. The fund balances are classified into five possible categories which focus on the constraints of spending. The categories are non-spendable, restricted, committed, assigned, and unassigned. The following are the Court's governmental funds:

General Fund

The General Fund, as provided by state law, is the principal fund of the Court and accounts for the operations for the Court's office. The various fees and charges due to the Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

Building Fund

The Judicial Building Fund accounts for court fees assessed under Revised Statute 13:1910. All monies collected under this statute are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing city courts and for the maintenance and payment of any bond indebtedness on any such existing facilities. Management plans to use these fees for acquisition of equipment and building renovations and improvements.

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

Fiduciary Funds

Fiduciary funds account for assets held on behalf of outside parties, and focuses on net position and changes in net position.

The fiduciary fund includes the following:

Agency Funds

All agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, but use the modified accrual basis of accounting. The agency funds the court maintains are the following: civil fees, criminal bonds, and appeal bonds.

D. Measurement Focus/Basis of Accounting

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements report using the same focus and basis of accounting.

Governmental fund financial statements are accounted for using 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Fiduciary fund revenues and expenses or expenditures (as appropriate) should be recognized on the basis consistent with the fund's accounting measurement objective. The Pineville City Court has three fiduciary funds, all of which are agency funds and are purely custodial and thus do not involve measurement of results of operations.

Fund Balances – Fund Financial Statements

Pineville City Court adopted the provisions of GASB 54 related to the classification of the governmental fund balances. The governmental fund balances are classified as follows:

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

Restricted – Restricted fund balances are amounts that are constrained for a specific purpose through restrictions of external parties or by constitutional provision or enabling legislation.

Unassigned - Unassigned fund balances are the residual classifications and include all amounts that are not restricted or constrained in any other classification of fund balance.

E. Cash and Cash Equivalents

Under state law, the Court should deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Cash consisted of amounts in demand deposit accounts.

In the governmental fund and agency funds, cash and cash equivalents include amounts in all demand deposits, interest bearing demand deposits, and time deposits with original maturities of three months or less from the date of acquisition.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from/to other funds in the fund financial statements. These interfund receivables/payables are eliminated for reporting in the Statement of Net Position.

G. Capital Assets

In the Government-Wide Financial Statements, capital assets are capitalized and depreciated on a straight-line method over their estimated useful lives. The Court has adopted a capitalization threshold of \$250 for reporting purposes. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, if any, are valued at their estimated fair market value on the date received. Expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas expenditures for repairs and maintenance are expensed.

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture & Equipment	7-10 years
Office Equipment	3-7 years
Records Storage Building	15 years
Leasehold Improvements	39 years

In the Fund Financial Statements, capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds. No provision is made for depreciation on capital assets in the Fund Financial Statements since the full cost is recorded as expenditures at the time of purchase.

H. Interfund Transactions

In the government funds, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

2. CASH

At December 31, 2018, the Court has cash and cash equivalents (book balances) totaling \$1,102,021 as follows:

	<u>Governmental Activities Fund</u>	<u>Agency Funds</u>
Demand deposits including		
interest bearing demand deposits	<u>\$512,177</u>	<u>\$589,844</u>
Total	<u>\$512,177</u>	<u>\$589,844</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by the 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 pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2018, cash deposits totaled \$1,094,790, of which \$589,844 is restricted and accounted for in fiduciary funds. These deposits are secured from risk by \$250,000 of federal deposit insurance pledged securities held by the 3rd party custodial bank in the name of the Court in the amount of \$1,009,914. Pineville City Court had no cash balances that were not adequately secured.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

3. CAPITAL ASSETS

A summary of property and equipment and accumulated depreciation at December 31, 2018 follows:

Property and Equipment

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Furniture & Equipment	\$ 275,939	\$ 25,998	\$ -	\$ 301,937
Leasehold Improvements	<u>39,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Total	<u>\$ 314,939</u>	<u>\$ 25,998</u>	<u>\$ -</u>	<u>\$ 340,937</u>

Accumulated Depreciation

	<u>Balance</u> <u>12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2018</u>
Furniture & Equipment	\$ 252,522	\$ 9,908	\$ -	\$ 262,430
Leasehold Improvements	<u>7,833</u>	<u>1,002</u>	<u>-</u>	<u>8,835</u>
Total	<u>\$ 260,355</u>	<u>\$ 10,910</u>	<u>\$ -</u>	<u>\$ 271,265</u>

4. COMPENSATED ABSENCES:

The Pineville City Court's obligation for employees' rights to receive compensation for future absences (such as vacation) was not material as of December 31, 2018, and thus, is not recognized in the accompanying financial statements.

5. ECONOMIC DEPENDENCY:

All revenues of the Pineville City Court are derived from criminal and civil cases filed in the court system. Decrease in activity of the City Court could result from declining population or a change in state law that could affect the ability of a municipal court to oversee civil and criminal cases.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

6. PENSION PLAN

The retirement contributions were filed and paid by the Pineville City Court to the Louisiana State Employees' Retirement System (LASERS), a cost sharing multiple-employer, public employee retirement system, controlled and administered by a separate board of trustees. All state employees, except certain classes excluded by statute, become members of LASERS as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they are eligible for membership. Elected officials and officials appointed by the Governor may, at their option, become members of LASERS.

LASERS provides retirement, death, and disability benefits to Plan members and beneficiaries. Benefits are established by state statute. The Louisiana State Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, by calling (800)256-3000, or by visiting www.laseronline.org.

Covered employees are required by state statute to contribute 13.0% of their salary to the plan. The Court contributes an actuarially determined rate, which at year end was set at 39.6% of the member's annual salary through June 30, 2018 and 39.0% from July 1, 2018 through December 31, 2018. Contributions to LASERS for the 2018 were \$32,569.

General Information about the plan

All state employees, except those specifically excluded by statute, become members of the System's Defined Benefit Plan (DBP) as a condition of employment, unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials, including the Judge of the Pineville City Court, and officials appointed by the Governor may, at their option, become members of LASERS. Most members of the plan may retire and receive benefits in accordance with the following:

- Any age with 30 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 20 years of creditable service with an actuarially reduced benefit
- At any age with 10 years or more of creditable service due to disability
- Survivor's benefits require 5 years of creditable service at death of member

The basic annual retirement benefit is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Average compensation is the member's average annual compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. The maximum annual retirement benefit cannot

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

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. For members hired after July 1, 2006, average compensation is based on the average annual compensation for the highest 60 consecutive months of service. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of December 31, 2018, the Court reported a total of \$306,351 for its proportionate share of the net pension liability of the Plan. 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 Court's proportionate share of the net pension liability was based on a projection of the Court's long-term contributions to the Plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Court's proportionate share of the Plan was .004492%.

The Court recognized pension expense in the statement of activities in the amount of \$82,427 for the year ended December 31, 2018.

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

The Court reported deferred outflows of resources and deferred inflows of resources related to the pension plan as follows:

	<u>Deferred outflows of resources</u>	<u>Deferred Inflows of resources</u>
Changes in proportion	\$ 71,833	\$ - 0-
Changes in proportionate contributions	0	5,222
Differences between expected and actual experience		3,435
Changes in assumptions	3,117	-0-
Net difference between projected and actual earnings on pension plan investments	3,972	-0-
Court contributions subsequent to the measurement date	<u>32,569</u>	<u>-0-</u>
 Total	 <u>\$ 111,491</u>	 <u>\$ 8,657</u>

The deferred outflows of resources related to pensions resulting from Court contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019 in the amount of \$32,569. 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 Ended December 31

2019	\$ 66,477
2020	12,397
2021	(7,487)
2022	(1,122)

Actuarial Assumptions

Inflation	2.75%
Salary increases	2.80% to 5.30%
Investment rate of return	7.65%
Actuarial Cost Method	Entry Age Normal
Expected remaining service lives	3 years

**Pineville City Court
Notes to Financial Statements**

For Year Ended December 31, 2018

Mortality rates for LASERS were based on the RP-2000 Employee Table for active members, Healthy Mortality Table for healthy annuitants and Disabled Retiree Mortality Tables for disabled annuitants. Rate assumptions for termination, disability, and retirement were based on experience studies performed on plan data for the period July 1, 2009 through June 30, 2013.

The investment rates of return were determined based on expected cash flows which assume that contributions from Plan members will be made at current contribution rates and that contributions from the Court will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the investment rate of return on Plan's investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the of the Court's proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the Court's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the Court's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1%</u> <u>Increase</u>
\$ 386,635	\$306,351	\$ 237,207

Pension plan fiduciary net position:

Detailed information about the Plan's fiduciary net position is available in the separate issued LASERS 2018 Comprehensive Annual Financial Report at www.lasersonline.org.

Pineville City Court
Notes to Financial Statements

For Year Ended December 31, 2018

7. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts; damage to, theft of or destruction of assets, errors and omissions, injuries to employees and the public; and natural disasters. The City of Pineville carries commercial insurance including workers' compensation and employee health and accident insurance. In addition, the Court carries fidelity bonds on the clerks. No claims from these risks have exceeded commercial insurance coverage in any of the past three years.

Required Supplementary Information

Pineville City Court
Schedules of Required Supplementary Information - Pension
For the year ended December 31, 2018

Schedule of the Employer's Proportionate Share of the Net Pension Liability **Schedule 1**

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Louisiana State Employees' Retirement System					
2018	0.00449%	\$ 306,351	\$ 82,872	370%	64.3%
2017	0.00408%	\$ 287,114	\$ 81,887	351%	62.5%
2016	0.00352%	\$ 276,331	\$ 68,853	401%	62.7%

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

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

Schedule of Employer Contributions **Schedule 2**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
Louisiana State Employees' Retirement System					
2017	\$ 32,569	\$ 32,569	\$ -	\$ 82,872	39.3%
2016	\$ 31,256	\$ 31,256	\$ -	\$ 81,887	38.2%
2015	\$ 26,216	\$ 26,216	\$ -	\$ 68,853	38.1%

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

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

Notes to Required Supplementary Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2018.

Budgetary Comparison Schedule
All Governmental Fund Types
Pineville City Court
For the year ended December 31, 2018

	GENERAL FUND				SPECIAL REVENUE FUNDS			
	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive	Original	Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive
				(Negative)				(Negative)
Revenues:								
Court costs	\$ 372,100	\$ 335,000	\$ 322,955	\$ (12,045)	\$ 51,550	\$ 45,000	\$ 47,602	\$ 2,602
Other revenue	-	-	5,862	5,862	-	-	-	-
Total revenues	<u>372,100</u>	<u>335,000</u>	<u>328,817</u>	<u>(6,183)</u>	<u>51,550</u>	<u>45,000</u>	<u>47,602</u>	<u>2,602</u>
Expenditures:								
Salaries	12,000	100,000	98,802	1,198	-	-	-	-
Payroll taxes	18,000	2,500	2,411	89	-	-	-	-
Lunch meetings	3,000	3,000	4,319	(1,319)	-	-	-	-
Office supplies	14,000	14,000	20,146	(6,146)	10,000	7,000	6,590	410
Computer expenses	-	-	-	-	25,000	22,000	22,100	(100)
Repairs and maintenance	500	500	-	500	2,000	2,000	1,620	380
Professional fees	32,000	32,000	29,057	2,943	1,500	1,500	125	1,375
Postage	150	150	793	(643)	-	-	-	-
Dues, subscriptions, and books	1,500	1,500	882	618	-	-	-	-
Document shredding	1,500	-	-	-	-	-	100	(100)
Security	-	-	-	-	5,000	1,000	760	240
Cleaning Services	-	-	-	-	7,500	5,000	5,250	(250)
Seminars	7,500	3,500	3,530	(30)	-	-	-	-
Expungements	500	-	-	-	-	-	-	-
Bank charges	350	-	-	-	-	-	-	-
Per diem	5,000	5,000	2,873	2,127	-	-	-	-
Flowers	500	500	260	240	-	-	-	-
LASERS retirement	50,000	34,000	32,569	1,431	-	-	-	-
Reimbursement	1,500	1,500	-	1,500	-	-	-	-
Salary reimbursement	145,000	155,000	155,797	(797)	-	-	-	-
Travel and lodging	9,000	9,000	8,771	229	-	-	-	-
Judge's Benefits	50,000	-	-	-	-	-	-	-
Mileage	3,500	3,500	2,735	765	-	-	-	-
Miscellaneous	3,500	-	-	-	-	-	765	-
Capital expenditures	-	-	417	(417)	-	25,000	25,581	(581)
Total expenditures	<u>359,000</u>	<u>365,650</u>	<u>363,362</u>	<u>2,288</u>	<u>51,000</u>	<u>63,500</u>	<u>62,891</u>	<u>1,374</u>
Excess (deficiency) of revenues over expenditures	13,100	(30,650)	(34,545)	(3,895)	550	(18,500)	(15,289)	3,976
Other financing sources (uses)								
Transfers	-	-	-	-	-	-	-	-
Fund balances, beginning	262,281	262,281	262,281	-	86,023	86,023	86,023	-
Fund balances, ended	<u>\$ 275,381</u>	<u>\$ 231,631</u>	<u>\$ 227,736</u>	<u>\$ (3,895)</u>	<u>\$ 86,573</u>	<u>\$ 67,523</u>	<u>\$ 70,734</u>	<u>\$ 3,211</u>

Supplementary Information

Pineville City Court
Schedule of Compensation, Benefits and Other Payments
To Agency Head or Chief Executive Officer
For the year ended December 31, 2018

Agency Head Name: Gary Hays
Position: Pineville City Judge

Salary	City of Pineville	\$ 20,932
Salary	Pineville City Court	82,872
Salary	Supreme Court	41,135
Benefits	Insurance – Supreme Court	18,036
Benefits	Retirement – City of Pineville	2,721
Benefits	Retirement – Pineville City Court	32,569
Benefits	Retirement – Supreme Court	6,258
Per Diem		1,298
Reimbursements		463
Registration Fees		1,730
Conference Travel		1,692
Conference Lodging		<u>2,420</u>
Total		<u>\$ 212,126</u>



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

4641 WINDERMERE PLACE
ALEXANDRIA, LA 71303

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE (318) 448-3556 FAX (318) 448-4236
acct@oandcocpas.com

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. DeSELLE, CPA

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Gary Hays
Pineville City Court
Pineville, Louisiana

We were engaged to audit, 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 Pineville City Court, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Pineville City Court's basic financial statements and have issued my report thereon dated May 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Pineville City Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pineville City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Pineville City Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current and prior year findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.



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 a 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. We consider the finding described in the accompanying schedule of year findings and questioned costs as items 2018-001 and 2018-002 to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Pineville City Court's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported on under *Government Auditing Standards* and are listed as items numbers 2018-003 and 2018-004.

Pineville City Court's Response to Findings

Pineville City Court's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit Pineville City Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Oestriche & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

May 31, 2019

Pineville City Court
Schedule of Findings and Questioned Costs
For the year ended December 31, 2018

Section I-Summary of Auditor's Reports

1. The auditor's report expresses an unqualified opinion on the Statement of Net Assets and the Balance Sheets-Governmental Funds. The auditor's report disclaims an opinion on the Statement of Activities, Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance, and the Notes to the Financial Statements.
2. Two material weaknesses disclosed during the audit of the basic financial statements are reported in the 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*.
3. Two instances of non-compliance were reported.

Section II - Financial Statement Findings

Finding 2018-001

Statement of Condition – Pineville City Court does not have adequate segregation of duties within the administrative office.

Criteria – A system of internal control procedures requires a segregation of duties so that no individual handles a transaction from start to finish.

Effect of condition – Lack of oversight that could lead to improperly recorded transactions.

Cause of condition – There is a small number of personnel employed by Pineville City Court.

Recommendation – Pineville City Court should monitor the assignment of duties to insure as much segregation of duties as possible.

Questioned costs – None

Finding 2018-002

Statement of Condition – Pineville City Court does not have a person on staff who has the qualifications and training to apply generally accepted accounting principles in recording financial transactions or preparing the financial statements.

Criteria – A reporting entity should be able to prepare the financial statements in accordance with GAAP without any outside assistance.

Effect of condition – Pineville City Court needed assistance in preparing the annual financial statements.

Cause of condition – There was no written job description available to ensure hiring of staff that have appropriate training in applying generally accepted accounting principles.

Recommendation – Pineville City Court should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Questioned costs – None

Finding 2018-003

Statement of Condition – Funds were used to pay for a Christmas Party.

Criteria – Public funds cannot be spent on social functions under Article VII, Section 14 of the Louisiana Constitution.

Effect of condition – Pineville City Court was not in compliance with Louisiana law.

Cause of condition – Management was not aware of the restriction.

Recommendation – Pineville City Court cannot spend funds on social functions.

Questioned costs – \$729

Finding 2018-004

Statement of Condition – Funds were used to purchase flowers for other individuals and funerals.

Criteria – Public funds cannot be donated under Article VII, Section 14 of the Louisiana Constitution.

Effect of condition – Pineville City Court was not in compliance with Louisiana law.

Cause of condition – Management was not aware of the restriction.

Recommendation – Pineville City Court cannot spend funds as a donation to other individuals.

Questioned costs – \$260

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards.

**Pineville City Court
Pineville, Louisiana**

Year Ended December 31, 2018

MANAGEMENT'S CORRECTIVE ACTION PLAN

Pineville City Court respectfully submits the following corrective action plan for the year ended December 31, 2018.

Name and address of contact person: Judge Gary Hays, Pineville City Judge, 904 Main Street, Pineville, LA 71360

Name and address of independent public accounting firm: Oestriecher & Company, CPAs, 4641 Windermere Place, Alexandria, LA 71303

Audit period: January 1, 2018 through December 31, 2018.

The findings from the Schedule of Findings and Questions Costs are discussed below. The finding is numbered consistently with the number assigned in the schedule. The Summary of Audit Results does not include findings and is not addressed.

FINDINGS-FINANCIAL STATEMENT AUDIT

FINDING 2018-001

Condition: Pineville City Court does not have adequate segregation of duties.

Recommendation: Consider the cost/benefit of hiring additional personnel.

Response: Pineville City Court does not consider the cost of hiring additional personnel as exceeding any benefit. Duties will be segregated as much as possible, with oversight from the Judge.

FINDING 2018-002

Condition: Pineville City Court does not have a person on staff who has the qualifications and training to apply generally accepted accounting principles in recording financial transactions or preparing the financial statements.

Recommendation: Pineville City Court should consider the cost/benefit of hiring additional personnel with sufficient knowledge and training.

Response: While management understands the nature of the finding and the necessity of personnel with qualifications that are higher than our current job descriptions, the benefits of hiring personnel with increased qualifications do not outweigh the costs.

FINDING 2018-003

Condition: Funds were used to pay for a Christmas Party.

Recommendation: Pineville City Court cannot spend funds on social functions.

Response: Pineville City Court will no longer spend funds on social functions.

FINDING 2018-004

Condition: Funds were used to purchase flowers for other individuals and funerals.

Recommendation: Pineville City Court cannot spend funds as a donation to other individuals.

Response: Pineville City Court will no longer spend funds on flowers.

Pineville City Court
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2017

Section I - Internal Control and Compliance Material to the Financial Statements

Finding No 2017-001

The condition is not resolved. Due to cost/benefit considerations, the condition is not expected to be resolved, and is reported as finding 2018-001 in the current year.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal awards in the year ended December 31, 2017.

Section III – Federal Awards Findings and Questioned Costs

There were no federal awards in the year ended December 31, 2017.



OESTRIECHER & COMPANY

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

4641 WINDERMERE PLACE
ALEXANDRIA, LA 71303

P.O. BOX 13500 • ALEXANDRIA, LA 71315-3500

PHONE (318) 448-3556 FAX (318) 448-4236
acct@oandcocpas.com

EMILE P. OESTRIECHER, III, CPA
KURT G. OESTRIECHER, CPA
DALE P. DeSELLE, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judge Gary Hays and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Pineville City Court (Entity) 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 January 1, 2018 through December 31, 2018. The Entity's 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 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.

Finding: The budget section of the written policies includes all required elements.

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.

Finding: The purchasing section of the written policies includes all required elements.

c) ***Disbursements***, including processing, reviewing, and approving.

Finding: The disbursements section of the written policies includes all required elements.



- 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).

Finding: The receipts section of the written policies includes all required elements.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Finding: The payroll section of the written policies includes all required elements.

- 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.

Finding: The contracting section of the written policies includes all required elements.

- 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).

Finding: The credit card section of the written policies includes all required elements.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Finding: The travel section of the written policies includes all required elements.

- 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.

Finding: The ethics section of the written policies includes all required elements.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Finding: Not applicable.

Collections

2. 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).

Finding: Pineville City Court provided a listing of deposit sites and represented that the listing was complete.

3. 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.

Finding: Employees that are responsible for cash collection 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.

Finding: There is one employee who is responsible for collecting cash and preparing the deposit. Another employee is responsible for preparing the reconciliations.

- 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.

Finding: There is one employee who is responsible for collecting cash and posting entries. Another employee is responsible for preparing the reconciliations.

- 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.

Finding: One employee is responsible for collecting cash and preparing the reconciliations. Another employee verifies the reconciliations.

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

Finding: Employees who have access to cash are covered by a bond or insurance policy for theft.

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a*

source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Finding: The receipts are not sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Finding: Collection documentation was successfully traced to the deposit slips.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Finding: The deposit slip totals were successfully traced to the bank statements.

- 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).

Finding: None of the deposits tested were made within one business day. The bank is located less than 10 miles from the collection location.

- e) Trace the actual deposit per the bank statement to the general ledger.

Finding: The deposits were successfully traced to the general ledger.

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

6. 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).

Finding: Payments for Pineville City Court are processed at one location.

7. For each location selected under #6 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.

Finding: One employee approves, initiates, and makes purchases. The Judge reviews all over \$250, unless the items are regular monthly charges.

- b) At least two employees are involved in processing and approving payments to vendors.

Finding: One employee processes and approves payments to vendors. The Judge reviews all items over \$250.

- 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.

Finding: One employee has the ability to both process payments and add/modify vendor files. The Judge periodically reviews vendors.

- 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.

Finding: One employee mails payments to vendors. This employee also processes payments and signs checks.

- 8. For each location selected under #6 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.

Finding: All disbursements selected 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 #8, as applicable.

Finding: Four of the five items tested did not include evidence of segregation of duties.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- 9. 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).

Finding: Per diem reimbursement rates agreed with the rates established by the State of Louisiana.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Finding: There were no reimbursements issued using actual costs.

- 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).

Finding: All mileage reimbursements were supported by documentation and business purpose. The Judge signed all reimbursements. There were two reimbursements to the Judge. One of these reimbursements was signed by the Judge while the other was signed by another member of management.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Finding: The Judge signed all reimbursements. There were two reimbursements to the Judge. One of these reimbursements was signed by the Judge while the other was signed by another member of management.

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 SAUP's. 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.

Oestricheer & Company

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

May 31, 2019