

CITY COURT OF
DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

TABLE OF CONTENTS

Independent Auditor's Report.....	Page 1 - 3
Required Supplemental Information	
Management's Discussion and Analysis.....	4 - 8
Government-Wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	13 - 14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	16 - 17
Statement of Fiduciary Net Position - Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	19 - 20
Notes to Financial Statements.....	21 - 41
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability by Plan (Schedule 1).	42
Schedule of Contributions by Plan (Schedule 2).....	43
Notes to Required Supplementary Information.....	44
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	45 - 46
Schedule of Findings and Responses.....	47 - 48
Summary Schedule of Prior Year Findings.....	49
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	50 - 59

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 504.274.0200 • Fax: 504.274.0201
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund and each fiduciary fund, of the City Court of Denham Springs - Ward Two “the Court” (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Court’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

City Court of Denham Springs - Ward Two
Denham Springs, Louisiana

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the Major Fund (General Fund) and each fiduciary fund of the City Court of Denham Springs - Ward Two as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City Court of Denham Springs - Ward Two's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability by plan, and the schedule of contributions by plan on pages 4 through 8 and 42 through 44 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.

City Court of Denham Springs - Ward Two
Denham Springs, Louisiana

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Denham Springs - Ward Two's internal control over financial reporting and compliance.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Denham Springs, Louisiana
December 22, 2017

CITY COURT OF DENHAM SPRINGS - WARD TWO

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The City Court of Denham Springs – Ward Two's financial performance provides an overview of the City Court's financial activities for the year, which ended June 30, 2017. Please read it in conjunction with the Court's financial statements, which begin on, page 9.

FINANCIAL HIGHLIGHTS

Assets and deferred outflows of resources of the City Court exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$49,047 a decrease in net position of \$202,595 or 80%. Mostly due to the Net Pension Liability, unrestricted net position is (\$111,975) deficit.

The City Court's total program revenues were \$639,712 compared to \$562,117 in the prior year, an increase of \$77,595 or 14%. The majority of the increase is attributable to FEMA reimbursement grants to purchase replacement equipment and restoration of files as a result of the Great Flood of 2016 that impacted Denham Springs.

Total expenses for the City Court during the year ending June 30, 2017 were \$825,384 compared to \$626,965 in the prior year, an increase of \$198,419 or 32%. The majority of the increase in expenses is attributable to an increase in office expenses for onetime expense to replace items lost in the flood and restoration of files related to the flood.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 9 and 10) provide information about the City Court's activities as a whole. The Balance Sheet for Governmental Funds (page 11) details the assets and liabilities of the governmental funds, while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position (page 12) shows why the amounts reported for governmental activities in the Statement of Net Position are different. Pages 13 and 14 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 15) reconciles net changes in fund balances to changes in net position of the Governmental Activities. Pages 16 and 17 reflect the differences in the final budget and actual amounts. Income decreased in court fees due to a decrease in the court cost. Interest income once again decreased due to lower interest rates and a decrease in cash balances. There was a slight decline in civil fees as our area adjusts to the growth and we continue to serve the public with efficiency in our civil department. Then on pages 18, 19 and 20, basic fiduciary funds financial statements can be found, in which the City Court acts only as an agent or trustee for the benefit of agencies outside of the Court. Notes to Financial Statements as a form of explanation follow on pages 21 through 41. The City Court Judge is an independent elected official. However, since the City Court is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as a portion of its salaries and related employee benefit costs, the City Court is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the City Court.

REPORTING THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

THE STATEMENT OF NET ASSETS AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the City Court as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way which helps answer one of the most important questions asked about the City Court's finances, "Is the City Court, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

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

We record the funds maintained by the City Court as governmental activities in the Statement of Net Position and the Statement of Activities.

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

REPORTING THE MOST SIGNIFICANT FUNDS MAINTAINED BY THE CITY COURT

The analysis of the major fund maintained by the City Court begins on page 11 and provides detailed information about the revenues and expenditures of this most significant fund.

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

THE CITY COURT AS A TRUSTEE

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. The City Court's total net position changed from a year ago, decreasing from \$251,642 to \$49,047. The comparative analysis is presented below.

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

TABLE 1

Total Net Position

	<u>2017</u>	<u>2016</u>
Current Assets and Investments	\$ 238,200	\$ 435,904
Capital Assets (Net of Accumulated Depreciation)	45,549	22,861
Total Assets	283,749	458,765
Deferred Outflows - Related to Pensions	128,193	108,062
Current Liabilities	13,204	10,874
Long-Term Liabilities:	333,438	289,288
Total Liabilities	346,642	300,162
Deferred Inflows - Related to Pensions	16,253	15,023
Net Position:		
Investment in Capital Assets	45,549	22,861
Restricted Civil Fees	115,473	159,357
Unrestricted (Deficit)	(111,975)	69,424
Total Net Position	<u>\$ 49,047</u>	<u>\$ 251,642</u>

The Net position of the funds maintained by the City Court's governmental activities decreased by \$202,595 over the prior year. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements decreased by \$181,399 from \$69,424 at June 30, 2016 to \$(111,975) at June 30, 2017 caused by the overall decrease in net position in the current year.

TABLE 2

Change in Net Position
Governmental Activities

	<u>2017</u>	<u>2016</u>
Revenues:		
Program Revenues		
Fines and Fees and Operating Grants and Contributions	\$ 639,712	\$ 562,117
Net Loss on Disposition of Capital Assets	(22,127)	-
Interest Income and Miscellaneous	5,204	12,595
Total Revenues	<u>622,789</u>	<u>574,712</u>
Expenses:		
General Governmental - Judicial	<u>825,384</u>	<u>626,965</u>
Increase (Decrease) in Net Position	<u>\$ (202,595)</u>	<u>\$ (52,253)</u>

During the fiscal year that ended June 30, 2017, total revenues increased \$48,077. Court cost and fees received decrease by \$184,350 due to the Court being closed for several months as a result of the Great Flood of 2016. Operating grants and contributions increased \$261,945 because of FEMA grants provided to reimburse the Court for items lost in the flood and records restoration.

Expenses, excluding depreciation expense, increased by \$202,760 or approximately 33%. The majority of the increase in expenses is attributable to an increase in office expenses for onetime expenses to replace items lost in the flood and restoration of files related to the flood.

GENERAL FUND BUDGETARY HIGHLIGHTS

As explained above, overall expenses were up when compared to the prior year. The majority of the increase in expenses is attributable to an increase in office expenses for onetime expenses to replace assets lost in the flood and restoration of files related to the flood.

CAPITAL ASSETS

Due to all assets being destroyed by the Great Flood of 2016, all computers, furniture, file cabinets and recording devices were replaced.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Court's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2018. One of those factors was the flooding that occurred in the City of Denham Springs and surrounding areas in August 2016. Until the full consequences of this flood event are realized, there is uncertainty of the effect, if any, that this event may have on the Court's future revenue sources. The continued effect of the Great Flood of 2016 was considered while preparing this Budget. Anticipated revenues will be approximately \$644,638, while anticipated expenditures will be approximately \$644,638.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

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

Mickey McMorris
Clerk of Court/Judicial Administrator

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET POSITION

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 238,152	\$ 217,698
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	-	218,010
Receivables, Net	48	196
Capital Assets (Net of Accumulated Depreciation)	<u>45,549</u>	<u>22,861</u>
Total Assets	<u>283,749</u>	<u>458,765</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows - Related to Pensions	<u>128,193</u>	<u>108,062</u>
LIABILITIES		
Accounts Payable	3,460	3,046
Payroll Taxes Payable	2,910	106
Long-Term Liabilities:		
Due Within One Year	6,834	7,722
Due in More than One Year	<u>333,438</u>	<u>289,288</u>
Total Liabilities	<u>346,642</u>	<u>300,162</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows - Related to Pensions	<u>16,253</u>	<u>15,023</u>
NET POSITION		
Investment in Capital Assets	45,549	22,861
Restricted Civil Fees	115,473	159,357
Unrestricted (Deficit)	<u>(111,975)</u>	<u>69,424</u>
Total Net Position	<u>\$ 49,047</u>	<u>\$ 251,642</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>Governmental Activities</u>	
<u>Governmental Activities:</u>	<u>2017</u>	<u>2016</u>
Expenses:		
Judicial:		
Salaries, Fees Paid and Benefits	\$ 519,301	\$ 521,838
Office Expenses	245,601	45,643
Contract Services	33,241	20,249
Memberships and Educational Conferences	22,614	30,267
Depreciation	4,627	8,968
	<hr/>	<hr/>
Total Expenses	825,384	626,965
 Program Revenues:		
Fines and Fees	298,064	482,414
Operating Grants and Contributions	341,648	79,703
	<hr/>	<hr/>
Net Program Revenues (Expenses)	(185,672)	(64,848)
 General Revenues:		
Interest Income	496	3,123
Net Loss on Disposition of Capital Assets	(22,127)	-
Miscellaneous	4,708	9,472
	<hr/>	<hr/>
Total General Revenues	(16,923)	12,595
 Change in Net Position	(202,595)	(52,253)
 Net Position - Beginning of Year	251,642	303,895
	<hr/>	<hr/>
Net Position - End of Year	\$ 49,047	\$ 251,642
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>General Fund</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 238,152	\$ 217,698
Investment (Certificates of Deposit - Maturity Greater Than 90 Days)	-	218,010
Accounts Receivable - Other	48	196
Total Assets	<u>\$ 238,200</u>	<u>\$ 435,904</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 3,460	\$ 3,046
Payroll Taxes Payable	<u>2,910</u>	<u>106</u>
Total Liabilities	6,370	3,152
Fund Balance:		
Restricted Civil Fees	115,473	159,357
Unassigned	<u>116,357</u>	<u>273,395</u>
Total Fund Balance	<u>231,830</u>	<u>432,752</u>
Total Liabilities and Fund Balances	<u>\$ 238,200</u>	<u>\$ 435,904</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>2017</u>	<u>2016</u>
Fund Balance - Total Governmental Fund	\$ 231,830	\$ 432,752
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:</p>		
Governmental Capital Assets	49,442	276,709
Less: Accumulated Depreciation	<u>(3,893)</u>	<u>(253,848)</u>
	45,549	22,861
<p>Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds:</p>		
Compensated Absences	(6,834)	(7,722)
Net Pension Liability	<u>(333,438)</u>	<u>(289,288)</u>
	(340,272)	(297,010)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	128,193	108,062
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	<u>(16,253)</u>	<u>(15,023)</u>
Net Position of Governmental Activities	<u>\$ 49,047</u>	<u>\$ 251,642</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	Total Governmental Fund	
	<u>2017</u>	<u>2016</u>
Revenues:		
Charges for Services:		
Court Costs	\$ 189,217	\$ 283,339
Civil Fees	63,453	125,384
Probation and Continuance Fees	41,106	62,692
Drivers' License Reinstatement Fees	4,288	10,388
Appealed Case Fees/Transcripts	-	81
Adoption Case Fees	-	530
	<u>298,064</u>	<u>482,414</u>
Intergovernmental Revenues -		
FEMA Disaster Grants	261,910	-
On-Behalf Payments	29,323	29,323
Primary Government - City of Denham Springs	46,860	46,860
Interest Income	496	3,123
Miscellaneous	4,708	9,472
	<u>641,361</u>	<u>571,192</u>
Total Revenues		
Expenditures:		
Judicial:		
Salaries, Fees Paid and Benefits:		
Salaries	291,846	312,613
Civil Fees Paid	68,076	66,601
Employee Group Insurance	62,350	68,647
Payroll Tax Expense	22,402	23,997
Retirement Expense	46,711	50,633
	<u>491,385</u>	<u>522,491</u>
Office Expenses:		
Office Supplies and Printed Forms	48,990	20,153
File Restoration	170,663	-
Telephone	6,578	7,550
Bank Service Charge	11	-
Postage	6,866	10,093
Miscellaneous	5,759	3,610
Insurance	4,309	1,713
Uniforms	2,425	2,524
	<u>245,601</u>	<u>45,643</u>

(CONTINUED)

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals For The Year Ended June 30, 2016)

	Total	
	<u>Governmental Fund</u>	
	<u>2017</u>	<u>2016</u>
Contract Services:		
Professional Fees	8,317	12,043
Maintenance Agreement	10,888	4,026
Maintenance and Repair	1,763	2,525
Transcriptions/Appeals	750	1,655
Software Update	<u>11,523</u>	<u>-</u>
	33,241	20,249
Memberships and Educational Conferences:		
Membership Dues and Subscriptions	11,638	15,087
Educational Conferences and Seminars	<u>10,976</u>	<u>15,180</u>
	22,614	30,267
Capital Outlay	<u>49,442</u>	<u>6,400</u>
Total Expenditures	<u>842,283</u>	<u>625,050</u>
Excess (Deficiency) of Revenues Over Expenditures	(200,922)	(53,858)
Fund Balance - Beginning of Year	<u>432,752</u>	<u>486,610</u>
Fund Balance - End of Year	<u><u>\$ 231,830</u></u>	<u><u>\$ 432,752</u></u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>2017</u>	<u>2016</u>
Net Change in Fund Balance - Total Governmental Fund	\$ (200,922)	\$ (53,858)
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded (was less than) depreciation expense in the current period.</p>		
	44,815	(2,568)
<p>In the Statement of Activities, Only the Gain (Loss) on the Disposition of Capital Assets is reported. However, in the Governmental Funds, the Proceeds from the Disposition Increase Financial Resources. Thus, the Change in Net Position Differs from the Change in the Fund Balance by the Cost of the Capital Assets Sold.</p>		
Add Accumulated Depreciation on Capital Assets Retired	254,582	-
Less Cost Basis of Capital Assets Retired During the Year	(276,709)	-
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
(Increase) Decrease in Compensated Absences Payables	888	668
(Increase) Decrease in Pension Expense	(28,804)	(15)
<p>Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds.</p>		
	<u>3,555</u>	<u>3,520</u>
Change in Net Position of Governmental Activities	<u>\$ (202,595)</u>	<u>\$ (52,253)</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Revenues:				
Charges for Services:				
Court Costs	\$ 283,339	\$ 283,339	\$ 189,217	\$ (94,122)
Civil Fees	125,384	125,384	63,453	(61,931)
Probation and Continuance Fees	62,692	62,692	41,106	(21,586)
Drivers' License Reinstatement Fees	10,388	10,388	4,288	(6,100)
Appealed Case Fees/Transcripts	81	81	-	(81)
Adoption Case Fees	530	530	-	(530)
	<u>482,414</u>	<u>482,414</u>	<u>298,064</u>	<u>(184,350)</u>
Intergovernmental Revenues -				
FEMA Disaster Grants	-	261,910	261,910	-
On-Behalf Payments	29,323	29,323	29,323	-
Primary Government - City of Denham Springs	46,860	46,860	46,860	-
Interest Income	3,123	3,123	496	(2,627)
Miscellaneous	100,618	100,618	4,708	(95,910)
Total Revenues	<u>662,338</u>	<u>924,248</u>	<u>641,361</u>	<u>(282,887)</u>
Expenditures:				
Judicial:				
Salaries, Fees Paid and Benefits:				
Salaries	311,827	311,827	291,846	19,981
Civil Fees Paid	133,901	133,901	68,076	65,825
Employee Group Insurance	51,000	51,000	62,350	(11,350)
Payroll Tax Expense	24,000	24,000	22,402	1,598
Retirement Expense	48,000	48,000	46,711	1,289
	<u>568,728</u>	<u>568,728</u>	<u>491,385</u>	<u>77,343</u>
Office Expenses:				
Office Supplies and Printed Forms	20,153	20,153	48,990	(28,837)
File Restoration	-	170,000	170,663	(663)
Telephone	7,550	7,550	6,578	972
Bank Service Charge	-	-	11	(11)
Postage	10,093	10,093	6,866	3,227
Miscellaneous	3,610	3,610	5,759	(2,149)
Insurance	1,713	1,713	4,309	(2,596)
Uniforms	2,524	2,524	2,425	99
	<u>45,643</u>	<u>215,643</u>	<u>245,601</u>	<u>(29,958)</u>

(CONTINUED)

CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
Contract Services:				
Professional Fees	12,043	12,043	8,317	3,726
Maintenance Agreement	4,026	4,026	10,888	(6,862)
Maintenance and Repair	2,525	2,525	1,763	762
Transcriptions/Appeals	-	-	750	(750)
Software Update	<u>1,655</u>	<u>1,655</u>	<u>11,523</u>	<u>(9,868)</u>
	20,249	20,249	33,241	(12,992)
Memberships and Educational Conferences:				
Membership Dues and Subscriptions	15,087	15,087	11,638	3,449
Educational Conferences and Seminars	<u>15,180</u>	<u>15,180</u>	<u>10,976</u>	<u>4,204</u>
	30,267	30,267	22,614	7,653
Capital Outlay	<u>-</u>	<u>109,610</u>	<u>49,442</u>	<u>60,168</u>
 Total Expenditures	 <u>664,887</u>	 <u>944,497</u>	 <u>842,283</u>	 <u>102,214</u>
 Excess (Deficiency) of Revenues Over Expenditures	 (2,549)	 (20,249)	 (200,922)	 (180,673)
 Fund Balance - Beginning of Year	 <u>432,752</u>	 <u>432,752</u>	 <u>432,752</u>	 <u>-</u>
Fund Balance - End of Year	<u>\$ 430,203</u>	<u>\$ 412,503</u>	<u>\$ 231,830</u>	<u>\$ (180,673)</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>Agency Funds</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 377,359	\$ 337,796
Due from Other Funds	<u>322</u>	<u>447</u>
Total Assets	<u>\$ 377,681</u>	<u>\$ 338,243</u>
LIABILITIES		
Accounts Payable	\$ 1,200	\$ 245
Bonds Payable in Advance of Trial	<u>376,481</u>	<u>337,998</u>
Total Liabilities	<u>\$ 377,681</u>	<u>\$ 338,243</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	Agency Funds				Total Agency Funds	
	Civil Docket	Criminal Docket	Restitution	Judicial College	2017	2016
Additions:						
Fines and Bonds Collected	\$ 187,062	\$ 1,083,992	\$ -	\$ 2,498	\$ 1,273,552	\$ 1,976,811
Restitution Received	-	-	1,438	-	1,438	13,465
Interest Income	117	206	1	-	324	355
Total Additions	187,179	1,084,198	1,439	2,498	1,275,314	1,990,631
Fines Disbursed to						
City of Denham Springs - General	-	311,286	-	-	311,286	473,251
Fines Disbursed to Parish Council -						
General	-	13,747	-	-	13,747	20,207
Fines Disbursed to Louisiana						
Supreme Court	-	-	-	2,498	2,498	2,188
General Fund Court Costs	-	189,217	-	-	189,217	283,339
General Fund - Probation and						
Continuance Fees	-	41,106	-	-	41,106	62,692
Public Service Court Costs	-	2,716	-	-	2,716	2,050
Witness Fee Court Costs	-	12,730	-	-	12,730	18,490
Marshall's Office Court Costs	-	186,041	-	-	186,041	276,141
District Attorney Fees	-	5,997	-	-	5,997	7,109
Bonds and Fines Refunded	-	13,797	-	-	13,797	38,972
Law Enforcement Training	-	972	-	-	972	1,526
Miscellaneous	36	-	-	-	36	686
Bank Service Charge	606	-	-	-	606	583
Judicial College	493	2,005	-	-	2,498	2,188
Reparations Fund	-	3,479	-	-	3,479	5,715
Indigent Defenders' Board	-	216,969	-	-	216,969	314,937
Marshall's Fees	39,138	-	-	-	39,138	62,002
Recording Fees	21,779	-	-	-	21,779	36,555
Restitution Paid to Victims	-	-	1,438	-	1,438	13,465
Court Cost Refunds	12,461	-	-	-	12,461	28,108

(CONTINUED)

CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	Agency Funds				Total Agency Funds	
	Civil Docket	Criminal Docket	Restitution	Judicial College	2017	2016
Deductions (Continued):						
Judge's Fees Earned	63,453	-	-	-	63,453	125,384
Serving Citations	25,534	-	-	-	25,534	44,591
Judges Supplemental Compensation Fund	23,664	-	-	-	23,664	36,912
Interest Transfers to General Fund	15	189	1	-	205	214
Adoption Case Fees Transfers to General Fund	-	-	-	-	-	530
Juvenile Justice Committee	-	27,652	-	-	27,652	41,942
State Analysis Fee	-	75	-	-	75	775
Analysis Fees	-	3,075	-	-	3,075	2,350
Trial Court Case Management Information System	-	16,410	-	-	16,410	24,966
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund	-	8,921	-	-	8,921	11,865
Judgment of Bond Forfeitures	-	2,495	-	-	2,495	11,628
Baton Rouge Crime Stoppers	-	11,021	-	-	11,021	16,676
Sex Registry	-	14,298	-	-	14,298	22,594
Total Deductions	<u>187,179</u>	<u>1,084,198</u>	<u>1,439</u>	<u>2,498</u>	<u>1,275,314</u>	<u>1,990,631</u>
Change in Net Assets	-	-	-	-	-	-
Net Position - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1 - Summary of Significant Accounting Policies -

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

A. Financial Reporting Entity

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

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

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Based on the previous criteria, City Management has included the City Court of Denham Springs- Ward Two as a component unit of the City of Denham Springs. Since the Judge of the Court is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the City Court of Denham Springs - Ward Two is included as a discretely presented component unit in the City of Denham Springs government-wide financial statements for the year ended June 30, 2017.

B. Basis of Presentation

Basic Financial Statements - Government-Wide Statements

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

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

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

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

The Court does not allocate indirect costs.

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Basic Financial Statements - Fund Financial Statements

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

The Court uses the following fund types:

Governmental Funds:

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

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

Fiduciary Funds:

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

C. Basis of Accounting and Measurement Focus

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

1. Accrual -

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

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

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund financial statements.

D. Capital Assets

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

Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Office improvements	20 years

E. Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Court, prepared on the modified accrual basis of accounting by the Clerk of the Court, was adopted by the Court on June 14, 2016 for the fiscal year ended June 30, 2017. All appropriations lapse at year-end. The original budget adopted June 14, 2016 was amended on June 21, 2017.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

F. Accumulated Unpaid Vacation and Sick Pay

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

G. Estimates

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

H. Deferred Outflows/Inflows of Resources

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

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

I. Pensions

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

J. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2017, the Court had no outstanding debt.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

K. Fund Balance

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

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

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

The details of the fund balances are included in the Balance Sheet - Governmental Funds (page 11). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

L. Summary Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Court's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 2 - Interest Earned -

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

Note 3 - Deposits and Investments -

For reporting purposes, cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

At June 30, 2017, the carrying amount of the Court's Cash and Cash Equivalents totaled \$615,511, and the confirmed bank balances were \$665,188. These deposits are stated at cost, which approximates market. The following is a summary of cash and cash equivalents and investments at June 30, 2017:

	<u>Deposits in Bank Accounts</u>		
	<u>Governmental Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Book Balances	\$ 238,152	\$ 377,359	\$ 615,511
Bank Balances	\$ 252,500	\$ 412,688	\$ 665,188

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. To mitigate this risk, state law requires for these deposits (or the resulting bank balances) to be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the Court regardless of its designation by the financial institution in which it is deposited. As of June 30, 2017, none of the Court's bank balance of \$665,188 was exposed to custodial credit risk.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 4 - Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Governmental Activities:</u>				
Equipment				
Copier	\$ 11,018	\$ -	\$ (11,018)	\$ -
Telephone System	11,171	-	(11,171)	-
Furniture and Fixtures	31,762	10,307	(31,762)	10,307
Computer Equipment	156,997	39,135	(156,997)	39,135
Police Equipment	4,273	-	(4,273)	-
Leasehold Improvements	15,696	-	(15,696)	-
Other Equipment	45,792	-	(45,792)	-
Totals	<u>276,709</u>	<u>49,442</u>	<u>(276,709)</u>	<u>49,442</u>
Less: Accumulated Depreciation for:				
Equipment:				
Copier	11,018	-	(11,018)	-
Telephone System	11,170	-	(11,170)	-
Furniture and Fixtures	28,734	792	(28,819)	707
Computer Equipment	144,332	3,492	(144,638)	3,186
Police Equipment	4,273	-	(4,273)	-
Leasehold Improvements	13,346	65	(13,411)	-
Other Equipment	40,975	278	(41,253)	-
Total Accumulated Depreciation	<u>253,848</u>	<u>4,627</u>	<u>(254,582)</u>	<u>3,893</u>
Capital Assets, Net	<u>\$ 22,861</u>	<u>\$ 44,815</u>	<u>\$ (22,127)</u>	<u>\$ 45,549</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expenses	<u>\$ 4,627</u>
-------------------	-----------------

Note 5 - Postretirement Health Care and Life Insurance Benefits -

At June 30, 2017, the Court has no postretirement health care and life insurance benefit plan in existence.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 6 - Pension Plans -

The Court follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68* for pension plans. These standards revised and established new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the Court to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

General Information about the Pension Plans

Plan Descriptions:

Parochial Employees' Retirement System of Louisiana

Employees of the Court may elect to be members of the Parochial Employees' Retirement System (PERS) - Plan "B", a cost-sharing multiple-employer defined benefit plan administered by the Parochial Employees' Retirement System of Louisiana. PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. PERS – Plan “B” was designed for those employers that contribute to Social Security. PERS issues a publicly available financial report that can be obtained at www.persla.org.

Louisiana State Employees' Retirement System

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

Benefits Provided:

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

Parochial Employees' Retirement System of Louisiana

1. Retirement

All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate. As of January 1997, elected officials,

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

except coroners, justices of the peace, and parish presidents may no longer join the System. Any member of Plan B can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 60 with a minimum of ten (10) years of creditable service.
- 3 - Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

- 1 - Age 55 with thirty (30) years of creditable service.
- 2 - Age 62 with a minimum of ten (10) years of creditable service.
- 3 - Age 67 with a minimum of seven (7) years of creditable service.

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

2. Survivor Benefits

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

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

3. Deferred Retirement Option Plan

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

4. Disability Benefits

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

5. Cost of Living Increases

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Louisiana State Employees' Retirement System

1. Retirement

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

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

2. Deferred Retirement Benefits

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

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

3. Disability Benefits

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

4. Survivor's Benefits

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

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

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

Contributions:

Parochial Employees' Retirement System of Louisiana

According to state statute, contributions for all employers are actuarially determined each year. The Court's required contribution rate for the period July 1, 2016 to December 31, 2016 was 8% and was 8% for the period January 1, 2017 to June 30, 2017. Employees were required to contribute 3% of their annual salary for both periods. Contributions to PERS from the Court were \$20,871 for the year ended June 30, 2017.

According to state statute, PERS also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$3,555 for the year ended June 30, 2017.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Louisiana State Employees' Retirement System

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The contribution rates in effect during the year ended June 30, 2017 for the plan for judges hired before January 1, 2011 were 11.5% for the employee and 38% for the employer. The status of the plan for judges hired before January 1, 2011 is closed.

The Court's contractually required composite contribution rate for the year ended June 30, 2017 was 38% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Agency were \$25,840 for the year ended June 30, 2017.

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

At June 30, 2017, the Court reported a liability of \$333,438 for its proportionate share of the net pension liability of PERS and LASERS combined. For PERS, the net pension liability was measured as of December 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For LASERS, the net pension liability was measured as of June 30, 2016 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 proportion of the net pension liability was based on a projection of the Court's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Court's proportion was .29392 % for PERS which was a decrease of .00073% from its proportion measured as of December 31, 2015. At June 30, 2016, the Court's proportion was .003760% for LASERS which was an increase of .00028% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Court recognized an increase of pension expense of \$14,128 for PERS and an increase of \$14,676 for LASERS.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

At June 30, 2017, the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>PERS</u>	<u>LASERS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual Experience	\$ -	\$ 171	\$ 171
Changes in Assumptions	4,554	-	4,554
Net difference between projected and actual earnings on pension plan investments	38,120	36,774	74,894
Changes in proportion and differences between Employer contributions and proportionate share of contributions	61	13,233	13,294
Employer contributions subsequent to the measurement date	9,440	25,840	35,280
Total Deferred Outflows of Resources	<u>\$ 52,175</u>	<u>\$ 76,018</u>	<u>\$ 128,193</u>
	<u>PERS</u>	<u>LASERS</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual Experience	\$ 10,898	\$ 2,738	\$ 13,636
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	685	1,932	2,617
Total Deferred Inflows of Resources	<u>\$ 11,583</u>	<u>\$ 4,670</u>	<u>\$ 16,253</u>

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

\$35,280 reported as deferred outflows of resources related to pensions resulting from the Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>PERS</u>	<u>LASERS</u>	<u>Total</u>
2017	\$ 9,997	\$ 11,155	\$ 21,152
2018	13,068	11,290	24,358
2019	9,160	14,291	23,451
2020	(1,073)	8,772	7,699
	<u>\$ 31,152</u>	<u>\$ 45,508</u>	<u>\$ 76,660</u>

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 for PERS and as of June 30, 2016 for LASERS are as follows:

	<u>PERS</u>	<u>LASERS</u>
Inflation	2.50%	3.00%
Salary increases	5.25% including inflation	3% to 5.5%
Investment rate of return	7.0% (net of investment expense)	7.75%

For PERS, mortality rates were based on RP-2000 Employee Sex Distinct Table for employees, RP-2000 Healthy Annuitant Sex Distinct Tables were selected for annuitants and beneficiaries; and RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants. For LASERS, mortality rates were based on RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for non-disabled members; and RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement was selected for disabled members.

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

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

For PERS, the long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternative	11%	0.67%
Real Assets	2%	0.12%
Total	<u>100%</u>	<u>5.66%</u>
Inflation		<u>2.00%</u>
Expected Arithmetic Nominal Return		<u>7.66%</u>

For LASERS the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	(0.24%)
Domestic Equity	25%	4.31%
International Equity	32%	5.48%
Domestic Fixed Income	8%	1.63%
International Fixed Income	6%	2.47%
Alternative Investments	22%	7.42%
Global Asset Allocation	7%	2.29%
Total	<u>100%</u>	5.30%

Discount Rate

For PERS, the discount rate used to measure the total pension liability was 7.00% which was no change from the prior measurement date of December 31, 2015. For LASERS, the discount rate used to measure the total pension liability was 7.75% which was no change from the prior measurement date of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers and non-employer contributing entities will be made at actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Court's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of December 31, 2016 for PERS and as of June 30, 2016 for LASERS:

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

PERS:	Changes in Discount Rate		
	Plan B:		
	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Net pension liability (asset)	\$ 145,159	\$ 38,182	\$ (52,121)

LASERS:	Changes in Discount Rate		
	Current		
	1% Decrease	Discount Rate	1% Increase
	<u>6.75%</u>	<u>7.75%</u>	<u>8.75%</u>
Net pension liability (asset)	\$ 362,749	\$ 295,256	\$ 237,908

Pension Plans Fiduciary Net Position

PERS issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System’s website: www.persla.org or on the Office of Louisiana Legislative Auditor’s official website: www.la.state.la.us.

Detailed information about LASERS’ pension plan’s fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at www.lasersonline.org or on the Office of Louisiana Legislative Auditor’s official website: www.la.state.la.us.

Payables to the Pension Plans

At June 30, 2017, included in liabilities is a payable in the amount of \$2,776 to LASERS. This payable is normal legally required contributions to the pension plan. There is no payable to PERS at June 30, 2017.

Note 7 - On-Behalf Payments for Salaries and Benefits -

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

Supplementary salary payments are made by the Parish Council directly to the Court’s employees. The Court is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by the Parish Council. For the fiscal year ended June 30, 2017 the Parish Council made supplementary salary and benefit payments of \$29,323 to the City Court’s employees.

CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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

Note 8 - Schedule of Compensation, Benefits, and Other Payments to Agency Head -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by the acting agency heads for the year ended June 30, 2017:

<u>Purpose</u>	Term Commenced	Term Expired
	<u>January 1, 2017</u>	<u>December 31, 2016</u>
	<u>Jerry L. Denton</u>	<u>Charles W. Borde</u>
Salary	\$ 74,363	\$ 75,529
Benefits-Insurance	2,428	7,376
Benefits-Retirement	12,787	13,070
Per Diem set by Supreme Court	885	-
Registration Fees Conference	625	-
Conference Travel	501	-
Housing for Summer School and Hotel Rate for City and Juvenile Judges Meeting	2,694	-
	<u>\$ 94,283</u>	<u>\$ 95,975</u>

Note 9 - Revenues Actual Compared to Budget -

The General Fund had actual revenues with an unfavorable budget variance exceeding 5% for the year ended June 30, 2017.

<u>Final</u>		<u>Unfavorable</u>	<u>Unfavorable</u>
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Variance</u>
			<u>Percentage</u>
\$ 924,248	\$ 641,361	\$ (282,887)	(30.61)%

Note 10 - Subsequent Event -

Management has evaluated subsequent events through December 22, 2017, the date which the financial statements were available to be issued.

Required Supplementary Information

CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY BY PLAN

FOR THE YEAR ENDED JUNE 30, 2017*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Parochial Employees' Retirement System of Louisiana:					
2015	0.29291%	\$ 813	\$ 246,552	0.33%	99.89%
2016	0.29465%	52,461	283,195	18.52%	93.48%
2017	0.29392%	38,182	292,795	13.04%	95.50%
Louisiana State Employees' Retirement System:					
2015	0.00352%	\$ 219,914	\$ 63,270	347.58%	65.02%
2016	0.00348%	236,827	64,800	365.47%	62.66%
2017	0.00376%	295,256	66,600	443.33%	57.73%

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

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

See independent auditor's report.

CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF CONTRIBUTIONS BY PLAN

FOR THE YEAR ENDED JUNE 30, 2017

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana:					
2015	\$ 24,215	\$ 24,215	\$ -	\$ 261,446	9.26%
2016	25,258	25,258	-	297,295	8.50%
2017	20,871	20,871	-	260,877	8.00%
Louisiana State Employees' Retirement System:					
2015	\$ 26,892	\$ 26,892	\$ -	\$ 64,800	41.50%
2016	25,375	25,375	-	66,600	38.10%
2017	25,840	25,840	-	68,000	38.00%

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

See independent auditor's report.

CITY COURT OF DENHAM SPRINGS - WARD TWO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Parochial Employees' Retirement System of Louisiana:

Changes in Actuarial Assumptions

Amounts reported in fiscal year ended December 31, 2015 for Parochial Employees' Retirement System of Louisiana (PERS) reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for PERS was reduced by .25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Projected Salary Increase	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3.00% Inflation, 2.75% Merit)

Changes of Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2016.

Louisiana State Employees' Retirement System:

Changes of Benefit Terms include:

- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and,
- Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2016.

See independent auditor's report.

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

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 504.274.0200 • Fax: 504.274.0201
www.htbcpa.com

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund (the General Fund)), the budgetary comparison statement of the General Fund and each fiduciary fund, of the City Court of Denham Springs - Ward Two “the Court”, (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Court’s basic financial statements, and have issued our report thereon dated December 22, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Court’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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. *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.

City Court of Denham Springs - Ward Two
Denham Springs, Louisiana

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items: 2017-01.

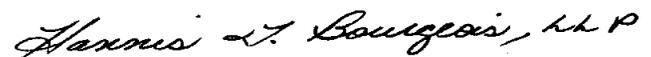
The City Court of Denham Springs - Ward Two's Response to Finding

The Court's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Denham Springs, Louisiana
December 22, 2017

CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2017

A. Internal Control Finding

None

B. Compliance Finding

Finding 2017-01 Unfavorable Budget Variance >5% of Amended Budget

Criteria:

The Court is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R.S. 39:1301 through 39:1315.

Condition:

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. See Note 9 to the financial statements. An unfavorable budget variance for Actual Revenue compared to Final Budgeted Revenues exceeded the 5% variance required by state law.

Cause:

The Court's amended Final Budgeted Revenues were not adjusted enough to reduce the budget variance below the 5% variance as required by state law.

Effect:

Because the Court's amended Final Budgeted Revenues were not adjusted enough to reduce the budget variance below the 5% variance as required by state law, the budget variance for Actual Revenue compared to Final Budgeted Revenues created an unfavorable budget variance that exceeded the 5% variance required by state law.

Recommendation:

We recommend the Court monitor actual revenue and expenses more closely and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

Management's Response:

The Court experienced a devastating impact from the Great Flood of 2016 and is still slowly recovering from this event. Because of total destruction of the Court's assets as well the community it serves, revenue was severely impacted. Also, FEMA grants were applied for to assist with reimbursing the Court for replacing all assets as well as records restoration. Furthermore, during this fiscal year a new administration was installed midyear. Because revenue was significantly lower and grant funds were received and expenditures were higher, management prepared an amended budget to reflect these changes. Considering that the Court is in a recovery period and historical revenue and expenditures data could not be relied upon, the allowable variance was exceeded.

CITY COURT OF DENHAM SPRINGS - WARD TWO

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2017

PRIOR YEAR FINDINGS:

None

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 504.274.0200 • Fax: 504.274.0201
www.htbcpa.com

Independent Accountant's Report
on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by City Court of Denham Springs – Ward Two (the 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, 2016 through June 30, 2017. The Court'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 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 – **No Exceptions**.
 - 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. –

Exception – The Court does have written policies and procedures for purchasing but it does not specifically address how vendors are added to the vendor list.

Management's Response/Corrective Action - The Court will amend the written policy to reflect that the Judge will authorize new vendors to be added to the vendor list.

- c) *Disbursements*, including processing, reviewing, and approving – **No Exceptions**.
- d) *Receipts*, including receiving, recording, and preparing deposits – **No Exceptions**.
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No Exceptions**.
- 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

Exception – The Court does have written policies and procedures but policies do not address standard terms and conditions, legal review, and monitoring.

Management's Response/Corrective Action - The Court will amend the written policy to reflect that the Judge will provide legal review and the Clerk of Court will set terms and conditions as well as monitor the contract .

- 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 – **No Exceptions**.
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers – **No Exceptions**.
- 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. Note: Ethics requirements are not applicable to nonprofits.

Exception – The Court does have written policies and procedures but policies do not address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121 and the policies do not appear to address a system to monitor possible ethics violations.

Management's Response/Corrective Action - The Court is serious about ethics violations and requires all employees to attend the required ethics training annually. The policy will be amended to reflect that all employees must adhere to RS 42:1111-1121.

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **Not Applicable – No debt**.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document. – **Not applicable – Judge is an independently elected official**.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). – **Not applicable – Judge is an independently elected official.**
 - (1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan. – **Not applicable – Judge is an independently elected official.**
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period. – **Not applicable – Judge is an independently elected official.**

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. – **No Exceptions.**
- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared. - **No Exceptions.**
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception – The Cash Bond Refund reconciliations for July 2016, August 2016, and December 2016 were completed but they did not appear to include evidence of management's review.

Management's Response/Corrective Action - The policy and procedure requires that all bank account statements be reconciled with 5 days of the end of the month. All bank statements are reconciled monthly by the Clerk of Court and the Judge signs the statement. The July 2016 bank statement could have been missed because of the flood. However, the December statements were reconciled and both administrations were aware of all bank statement reconciliations. The current administration is reviewing all outstanding checks and will follow-up with the vendor or remit the funds to the Louisiana Treasury as required.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period. – **No Exceptions.**

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete. – **No Exceptions.**

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee. – **No Exceptions.**
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected. – **No Exceptions.**
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - (1) Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Exception: HTB noted one deposit for the Civil Fund was made 3 days after receipt.

Management's Response/Corrective Action - The Court's policy requires criminal fund collections be deposited daily. The civil fund collections are required to be deposited weekly unless cash is received.

- (2) Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any Exceptions. – **No Exceptions.**
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections. – **No Exceptions.**

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete. – **No Exceptions.**

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system. – **No Exceptions.**
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase. – **No Exceptions.**
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice. – **No Exceptions.**
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: Due to the small size of the office, the person responsible for processing payments is not prohibited from adding vendors to purchasing/disbursement system. The mitigating control is that the Judge reviews and approves payments and physically signs all checks.

Management's Response/Corrective Action - The Judge approves all payments and signs all checks.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. – **No Exceptions.**
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks. – **No Exceptions.**
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any Exceptions. – **No Exceptions.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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. – **No Exceptions.**

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.] – **No Exceptions.**
 - b) Report whether finance charges and/or late fees were assessed on the selected statements. – **No Exceptions.**
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - (1) An original itemized receipt (i.e., identifies precisely what was purchased) – **No Exceptions.**
 - (2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating. – **No Exceptions.**
 - (3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.) – **No Exceptions.**
 - b) For each transaction, compare the transaction’s detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity’s written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any Exceptions. – **No Exceptions.**
 - c) For each transaction, compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management’s representation that the listing or general ledger is complete. – **No Exceptions.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates. – **No Exceptions.**
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates. – **No Exceptions.**
 - b) Report whether each expense is supported by:
 - (1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.] – **No Exceptions.**
 - (2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). – **No Exceptions.**
 - (3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance). – **No Exceptions.**
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No Exceptions.**

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete. – **No Exceptions.**

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid. – **No Exceptions.**
 - b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - (1) If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) – **No contracts subject to the LA Public Bid Law or Procurement Code**
 - (2) If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. – **No Exceptions.**
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment. – **No contracts amended.**
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract. – **Complied with terms and conditions of contract.**
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter). – **Judge reviews and approves.**

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure. – **No Exceptions.**
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy. – **No Exceptions.**
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) – **No Exceptions.**
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials. – **No Exceptions.**
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave. – **No Exceptions.**
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management. – **No Exceptions.**
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Exception – HTB noted several 941 tax deposits and state withholdings deposits were made late. HTB also noted a 941 report and a state withholding tax report were filed late. These deposits and reports relate to the time period immediately preceding the 2016 flood and several months thereafter. During this time period, the Courts operations were disrupted due to facilities being flooded, having to relocate, and having to get new equipment to start up operations again.

Management’s Response/Corrective Action - During the time of the flood, a payroll tax payment was delinquent and a penalty was imposed. The Court will contact the IRS and request that the penalty be abated due to the circumstances of the delinquent payment.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed. – **No Exceptions.**
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy. **No allegations received.**

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained. **Not Applicable - No Debt**
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants. **Not Applicable – No Debt**
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off. **Not Applicable – No Debt**

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled. – **None noted.**
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds. – **Notice posted on premises and on website.**
33. If the practitioner observes or otherwise identifies any Exceptions, regarding management's representations in the procedures above, report the nature of each exception. – **No Exceptions.**

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.

Respectfully submitted,

Harris J. Bourgeois, CPA

Denham Springs, Louisiana
December 22, 2017