

Pineville City Court

Pineville, Louisiana

December 31, 2013

Pineville City Court

December 31, 2013

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PAYNE, MOORE & HERRINGTON, LLP

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Established 1945

Independent Auditor's Report

Ronald Lewellyan, Acting City Judge
Pineville City Court
Pineville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pineville City Court, a component unit of the City of Pineville, Louisiana, as of and for the year ended December 31, 2013, 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 from material misstatement.

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

ROBERT W. DVORAK, C.P.A. CINDY L. HUMPHRIES, C.P.A.
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PAYNE, MOORE & HERRINGTON, LLP

Ronald Lewellyan, Acting City Judge
Pineville City Court
Pineville, Louisiana

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pineville City Court, a component unit of the City of Pineville, Louisiana, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 24–25 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.



PAYNE, MOORE & HERRINGTON, LLP

Ronald Lewellyan, Acting City Judge
Pineville City Court
Pineville, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of Pineville City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pineville City Court's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 16, 2014

Basic Financial Statements

**Government-Wide
Financial Statements**

Pineville City Court
Pineville, Louisiana
Statement of Net Position
Governmental Activities
December 31, 2013

Exhibit A

Assets		
Cash		\$ 66,758
Accounts receivable		5,335
Receivable from agency funds		5,953
Capital assets, net of depreciation		
Depreciable		
Furniture and fixtures	7,006	
Office equipment	28,985	
Records storage building	1,618	
Leasehold improvements	35,167	72,776
Total Assets		<u>150,822</u>
Liabilities		
Accounts payable		<u>12,211</u>
Net Position		
Invested in capital assets		72,776
Restricted for building maintenance and improvements		57,645
Unrestricted		<u>8,190</u>
Total Net Position		<u><u>\$ 138,611</u></u>

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

Pineville City Court
Pineville, Louisiana
Statement of Activities
Governmental Activities
Year Ended December 31, 2013

Exhibit B

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Functions/Programs				
General government				
Court operations	\$ 405,358	\$ 272,362	\$ 117,188	\$ (15,808)
Court programs	101,629	98,879	-	(2,750)
Total Governmental Activities	\$ 506,987	\$ 371,241	\$ 117,188	(18,558)
General Revenues				
Investment earnings				133
Miscellaneous				6,659
Gain/loss on sale of assets				(283)
Total General Revenues				6,509
Change in Net Position				(12,049)
Net Position, Beginning of Year				150,660
Net Position, End of Year				\$ 138,611

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

Fund Financial Statements

**Pineville City Court
Pineville, Louisiana
Balance Sheet
Governmental Funds
December 31, 2013**

Exhibit C

	General Fund	Building Capital Projects Fund	Total
Assets			
Cash	\$ 13,266	\$ 53,492	\$ 66,758
Accounts receivable	5,335	-	5,335
Due from agency funds	1,800	4,153	5,953
Total Assets	\$ 20,401	\$ 57,645	\$ 78,046
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 12,211	\$ -	\$ 12,211
Fund Balances			
Restricted for building maintenance and improvements	-	57,645	57,645
Unassigned	8,190	-	8,190
Total Fund Balances	8,190	57,645	65,835
Total Liabilities and Fund Balances	\$ 20,401	\$ 57,645	\$ 78,046

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

**Pineville City Court
Pineville, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2013**

Exhibit D

Total Fund Balances, Governmental Funds

\$ 65,835

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in this fund financial statement but are reported in the governmental activities of the Statement of Net Position.

72,776

Net Position of Governmental Activities in the Statement of Net Position

\$ 138,611

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

Pineville City Court
Pineville, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

Exhibit E

	General Fund	Building Capital Projects Fund	Total
Revenues			
Court fees, fines, and costs			
Court costs	\$ 95,779	\$ 61,088	\$ 156,867
Civil fees – discretionary	115,495	-	115,495
Charges for services			
Probation fees	95,739	-	95,739
Driver improvement program fees	3,140	-	3,140
On-behalf salaries and benefits received	117,188	-	117,188
Interest	133	-	133
Miscellaneous	6,659	-	6,659
Total Revenues	<u>434,133</u>	<u>61,088</u>	<u>495,221</u>
Expenditures			
Current – court operations and programs			
Salaries and benefits	270,951	-	270,951
On-behalf salaries and benefits paid	117,188	-	117,188
Office supplies and expenses	343	-	343
Dues	1,260	-	1,260
Travel and seminars	18,107	-	18,107
Telephone	670	-	670
Professional services	15,575	-	15,575
Ad-hoc judges	6,928	-	6,928
Uniforms	477	-	477
Computer fees and expenses	-	29,145	29,145
Lease expenses	-	14,036	14,036
Repairs and maintenance	-	123	123
Miscellaneous	5,298	7,125	12,423
Capital outlay	-	5,114	5,114
Total Expenditures	<u>436,797</u>	<u>55,543</u>	<u>492,340</u>
Net Change in Fund Balances	(2,664)	5,545	2,881
Fund Balances, Beginning of Year	<u>10,854</u>	<u>52,100</u>	<u>62,954</u>
Fund Balances, End of Year	<u>\$ 8,190</u>	<u>\$ 57,645</u>	<u>\$ 65,835</u>

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

**Pineville City Court
Pineville, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2013**

Exhibit F

Net Change in Fund Balances – Total Governmental Funds **\$ 2,881**

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as an expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlay expenditures	5,114	
Gain/(loss) on sale of capital assets	(283)	
Depreciation	<u>(19,761)</u>	<u>(14,930)</u>

Change in Net Position of Governmental Activities **\$ (12,049)**

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

**Pineville City Court
Pineville, Louisiana
Statement of Fiduciary Net Positions
Agency Funds
December 31, 2013**

Exhibit G

	<u>Civil Fees</u>	<u>Criminal Bonds</u>	<u>Fines and Court Costs</u>	<u>Appeals Bonds</u>	<u>Total</u>
Assets					
Cash	\$ 583,896	\$ 1,061	\$ 5,769	\$ 69,162	\$ 659,888
Due from others	-	-	184	-	184
Total Assets	<u>\$ 583,896</u>	<u>\$ 1,061</u>	<u>\$ 5,953</u>	<u>\$ 69,162</u>	<u>\$ 660,072</u>
Liabilities					
Advanced court costs	\$ 439,826	\$ -	\$ -	\$ -	\$ 439,826
Due to judge	144,071	-	-	-	144,071
Due to General Fund	-	-	1,800	-	1,800
Due to Building Capital Projects Fund	-	-	4,153	-	4,153
Due to others	-	1,061	-	69,162	70,223
Total Liabilities	<u>\$ 583,897</u>	<u>\$ 1,061</u>	<u>\$ 5,953</u>	<u>\$ 69,162</u>	<u>\$ 660,073</u>

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

Notes to Basic Financial Statements

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

1. Reporting Entity and Significant Accounting Policies

Reporting Entity

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

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

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

In evaluating how to define the entity for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are: (1) the capacity for the organization to have its own name; (2) the right for the organization to sue and be sued in its own name without recourse to the primary government; and (3) the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to be considered "financially accountable" include: (1) appointment of a voting majority of the organization's governing body; (2) ability for the primary government to impose its will on the organization; (3) potential to provide specific financial benefits to or improve specific financial burdens on the primary government; and (4) fiscal dependence of the organization.

The judge is an independently elected official that has the ability to exercise accountability for fiscal matters. The Court is fiscally dependent on the City of Pineville for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because the Court is fiscally dependent on the City of Pineville, the Court was determined to be a component unit of the City of Pineville, the financial reporting entity. However, the Court is a separate reportable entity from the City of Pineville because it is essentially an autonomous unit.

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

Basis of Presentation

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

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

Government-Wide Financial Statements – The Government-Wide Financial Statements, “*Statement of Net Position*” and “*Statement of Activities*”, report information on all non-fiduciary activities of the Court. Fiduciary funds are reported only in the “*Statement of Fiduciary Net Positions*” at the Fund Financial Statement level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by court costs, probation fees, and on-behalf payments. The Statement of Net Position presents the financial position of the governmental activities at year-end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Court’s governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Court does not allocate indirect expenses to functions in the Statement of Activities. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report court costs and probation fees; (2) operating grants and contributions which finance annual operating activities including restricted investment income, if any; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets, if any. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include interest and other unrestricted revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Court.

Fund Accounting

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

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

The Fund Financial Statements report financial information by major funds and nonmajor funds. All funds of the Court are major funds. The following are the Court’s governmental funds:

General Fund is the primary operating fund of the Court, and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to court policy.

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

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

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Court. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants pending court action or on behalf of others. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The Government-Wide Financial Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when a liability is incurred regardless of the timing of related cash flows. Governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the Government-Wide Financial Statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet.

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred.

Those revenues subject to accrual are charges for services and interest revenue. The other revenues of the Court are not susceptible to accrual because they are not generally measurable until received in cash.

Budgets

Budgets are adopted on the cash basis of accounting for the General Fund. On-behalf payments for salaries, related benefits, and insurance paid by the City of Pineville are not included in the reported budget. Actual amounts are not adjusted for changes in routine accruals for receivables and payables because these changes are immaterial to the financial statements. All annual appropriations lapse at the end of the fiscal year.

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

Budgets are prepared by the clerk of court and submitted to the judge for approval prior to the beginning of the Court's fiscal year. All budgets are controlled at the fund level. As conditions warrant, budgetary amendments are prepared by the clerk of court and submitted to the judge for his approval. Budgeted amounts shown in the accompanying budgetary comparison schedules reflect all amendments, if any.

Cash

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

Accounts Receivable

Receivables are charged against income as they become uncollectible. In the opinion of management, all accounts receivable were collectible and an allowance for doubtful accounts was not considered necessary.

Short-Term Interfund Receivables/Payables

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

Prepaid Expenses

In the Government-Wide Financial Statements, expenses paid for the following fiscal year, if any, are reported as prepaid expenses since the expense benefits the next fiscal year. In the Fund Financial Statements, these prepaid items are recorded as expenditures when paid.

Capital Assets

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

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

Furniture and fixtures	7 – 10 years
Office equipment	3 – 7 years
Records storage building	15 years
Leasehold improvements	39 years

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

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

Advanced Court Costs

Advanced court costs presented in the Statement of Fiduciary Net Positions represent money received in connection with civil suits. The plaintiff of each civil suit is required to make an advance payment to cover the cost incurred by the court in processing the suit. These cash advances remain in the advanced court cost account until they are earned, at which time they are disbursed to the proper entities, or until the case has been dismissed and the remaining amount refunded.

Restricted Net Position

In the Government-Wide Statement of Net Position, net positions are reported as restricted when constraints placed on net position use are either:

- Externally imposed by creditors, grantors, or laws or regulations of other governments; or
- Imposed by law through constitutional provisions or enabling legislation.

In cases where restricted and unrestricted monies are received by the Court for the same function or purpose, the restricted monies are used first.

Fund Equity

In the Fund Financial Statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact. The Court does not have any nonspendable funds at year-end.
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- **Committed:** Amounts that have been formally set aside by a government for use for specific purposes. Commitments are made and can be rescinded only via resolution of the government board. The Court does not have a board, and therefore, will not have any committed funds.
- **Assigned:** Intent to spend resources on specific purposes expressed by the judge or the finance director, who is authorized by resolution approved by the judge to make assignments. The Court does not have any assigned funds at year-end.
- **Unassigned:** Fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

For purposes of fund balance classification, expenditures are to be spent first from restricted fund balance, followed in order by assigned fund balance, and lastly unassigned fund balance.

Interfund Transactions

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

Interfund balances are eliminated in the Government-Wide Financial Statements.

Clerks' Salary Supplement and On-Behalf Payments

The salaries of the judge, clerk of court, and deputy clerks are paid directly by the City of Pineville or the Rapides Parish Police Jury. The Court pays an agreed-upon amount to the City of Pineville or the Rapides Parish Police Jury to supplement the salary of the clerk and deputy clerks. The on-behalf payments included in the financial statements represent the amount paid by the City of Pineville that is not reimbursed by the Court. The Court reimburses the Rapides Parish Police Jury for all of the salaries paid by the Police Jury.

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 at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The General Fund had excess expenditures over appropriations in the amount of \$120,359 for the fiscal year ended December 31, 2013. The General Fund is the only fund required to have a budget adopted annually. Excess expenditures over appropriations were funded by available fund balances.

3. Cash

Under state law, demand deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent.

Custodial Credit Risk: For deposits, custodial credit risk is the risk that in the event of a financial institution failure, the Court's deposits may not be returned to the Court. At year-end, the Court's deposits were entirely covered by federal depository insurance or by collateral held by the Court or its agent in the Court's name.

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

4. Due To/From Other Funds

<u>Due to Fund</u>	<u>Due From Fund</u>	
General Fund	Agency Fund Fines and Court Costs	\$ 1,800
Building Fund	Agency Fund Fines and Court Costs	<u>4,153</u>
		\$ 5,953

5. Capital Assets

	<u>Balance 1/1/2013</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance 12/31/2013</u>
Capital assets				
Furniture and fixtures	\$ 40,102	\$ 314	\$ -	\$ 40,416
Office equipment	213,148	4,800	(16,983)	200,965
Records storage building	5,343	-	-	5,343
Leasehold improvements	<u>39,000</u>	<u>-</u>	<u>-</u>	<u>39,000</u>
Totals	297,593	5,114	(16,983)	285,724
Accumulated depreciation				
Furniture and fixtures	29,921	3,490	-	33,411
Office equipment	173,765	14,915	(16,701)	171,979
Records storage building	3,369	356	-	3,725
Leasehold improvements	<u>2,833</u>	<u>1,000</u>	<u>-</u>	<u>3,833</u>
Totals	<u>209,888</u>	<u>19,761</u>	<u>(16,701)</u>	<u>212,948</u>
Capital Assets, net of accumulated depreciation	\$ 87,705	\$ (14,647)	\$ (282)	\$ 72,776

Depreciation expense of \$19,761 is included in court operations expenses in the Statement of Activities.

6. On-Behalf Payments

On-behalf payments made by the City of Pineville	\$ 349,260
Less: Amount paid to City of Pineville as reimbursement by Pineville City Court	<u>(232,072)</u>
Net amount paid by City of Pineville	\$ 117,188

7. Operating Lease Obligations

The Court is committed under various operating leases for office equipment. Lease expenditures for office equipment for the year ended December 31, 2013, amounted to \$14,036. Future minimum base lease payments for these leases are as follows:

Fiscal Year Ending	
<u>December 31,</u>	
2014	\$ 5,964
2015	<u>276</u>
	\$ 6,240

**Pineville City Court
December 31, 2013**

Notes to Basic Financial Statements

8. Pension Plans

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

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

Covered employees are required by state statute to contribute 8% of their salary to the plan. The Court contributes an actuarially determined rate, which at year-end was set at 29.4% of the member's annual salary. Contributions to LASERS for the years ended December 31, 2013, 2012, and 2011 were \$38,879, \$42,335, and \$30,029, respectively, which were equal to the required contributions for each year.

9. Risk Management

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

The Court is a defendant in a lawsuit that may not be covered by insurance. The amount of losses, if any, that may arise from this suit cannot be reasonably estimated. No provision for losses is included in the financial statements.

Required Supplemental Information

**Pineville City Court
Pineville, Louisiana
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2013**

**Schedule 1
(continued)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
			(See Note A)	Positive
				(Negative)
Revenues				
Court fees, fines, and costs				
Court costs	\$ 94,800	\$ 94,800	\$ 95,779	\$ 979
Civil fees - discretionary	-	-	115,495	115,495
Charges for services				
Probation fees	95,800	95,800	95,739	(61)
Driver improvement program fees	2,000	2,000	3,140	1,140
Interest	170	170	133	(37)
Miscellaneous	6,500	6,500	6,659	159
Total Revenues	199,270	199,270	316,945	117,675
Expenditures				
Salaries and benefits	160,000	160,000	270,951	(110,951)
Office supplies and expenses	200	200	343	(143)
Dues	850	850	1,260	(410)
Travel and seminars	15,700	15,700	18,107	(2,407)
Telephone	500	500	670	(170)
Professional services	15,000	15,000	15,575	(575)
Ad-hoc judges	5,000	5,000	6,928	(1,928)
Uniforms	400	400	477	(77)
Miscellaneous	1,600	1,600	5,298	(3,698)
Total Expenditures	199,250	199,250	319,609	(120,359)
Net Change in Fund Balance	20	20	(2,664)	(2,684)
Fund Balances, Beginning of Year	-	-	10,854	10,854
Fund Balances, End of Year	\$ 20	\$ 20	\$ 8,190	\$ 8,170

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

Pineville City Court
Pineville, Louisiana
Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2013

Schedule 1
(concluded)

Note A - Explanation of Differences between Revenues, Expenditures, and Other Financing Sources for the General Fund on a Budgetary Basis (Schedule 1) and General Fund on a GAAP Basis (Exhibit E)

Revenues

Actual (budgetary basis) "revenues" from the Budgetary Comparison Schedule	\$ 316,945
Adjustments:	
The Court does not budget for on-behalf support provided by the City of Pineville	117,188
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 434,133

Expenditures

Actual (budgetary basis) "expenditures" from the Budgetary Comparison Schedule	\$ 319,609
Adjustments:	
The Court does not budget for on-behalf salaries and related benefits paid directly by the City of Pineville	117,188
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ 436,797

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

**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***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

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

Ronald Lewellyan, Acting City Judge
Pineville City Court
Pineville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pineville City Court, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Pineville City Court's basic financial statements and have issued our report thereon dated June 16, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies – Findings 2013-01 and 2013-02.

ROBERT W. DYDRAK, C.P.A.

REBECCA B. MORRIS, C.P.A.

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EVELYN RENTROW, C.P.A.

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PAYNE, MOORE & HERRINGTON, LLP

Ronald Lewellyan, Acting City Judge
Pineville City Court
Pineville, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pineville City Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2013-03.

Pineville City Court's Response to Findings

Pineville City Court's response to the findings identified in our audit is described in the accompanying *Management's Corrective Action Plan*. Pineville City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, Louisiana

June 16, 2014

Schedule of Findings and Responses

**Pineville City Court
Schedule of Findings and Responses
Year Ended December 31, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Management's Corrective Action Plan See attached

Management's Summary Schedule of Prior Audit Findings See attached

Memorandum of Other Comments and Recommendations None issued

Federal Awards Not applicable

Section II - Financial Statement Findings

Finding 2013-01 Financial Statement Preparation

Criteria: An appropriate and effective system of internal control over financial reporting includes controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements.

Condition and Context: Pineville City Court (the Court) does not have personnel with the technical accounting expertise to prepare Generally Accepted Accounting Principles (GAAP) financial statements including footnote disclosures.

Cause and Effect: Due to cost effectiveness, auditor assistance is required for preparation of the financial statements and the related notes.

Recommendation: No action is recommended.

Management's Response: See Management's Corrective Action Plan.

**Pineville City Court
Schedule of Findings and Responses
Year Ended December 31, 2013**

Finding 2013-02 Segregation of Duties

Criteria: Segregation of duties is required to have an appropriate and effective system of internal control over financial data.

Condition and Context: One employee has control over checks, prepares the checks, signs the checks, and prepares the bank reconciliation.

Cause and Effect: Due to the limited number of people working for the Court, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions.

Recommendation: To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. When possible, someone other than the check preparer should sign the check.

Management's Response: See Management's Corrective Action Plan.

Finding 2013-03 Louisiana Unclaimed Property Act

Criteria: Property held by a court, state or other government, governmental subdivision or agency, public corporation, or other public authority that has not been claimed one year after the property has been distributed should be transmitted to the State of Louisiana according to the Louisiana Unclaimed Property Act.

Condition and Context: The Civil Agency Fund has a large number of checks issued from 2000 through 2012 which remain outstanding and have not been surrendered to the State of Louisiana according to the Louisiana Unclaimed Property Act. However, the Court has begun the process of complying with the Louisiana Unclaimed Property Act by issuing due diligence letters to the claimants.

Cause and Effect: The Court is not in compliance with the Louisiana Unclaimed Property Act for unclaimed property.

Recommendation: We recommend completing the process of compliance with Louisiana Revised Statutes 9:151 through 181 in regards to unclaimed property.

Management's Response: See Management's Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

**Pineville City Court
Pineville, Louisiana
Management's Corrective Action Plan
Year Ended December 31, 2013**

Pineville City Court respectfully submits the following corrective action plan for the year ended December 31, 2013.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P.O. Box 13200
Alexandria, LA 71315-3200
(318) 443-1893

Auditee Contact Person: Ronald Lewellyan
Acting City Judge
P.O. Box 3671
Pineville, LA 71361-3671
(318) 449-5656

Audit Period: January 1, 2013 through December 31, 2013

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

Finding 2013-01 Financial Statement Preparation

Condition: Pineville City Court (the Court) does not have personnel with the technical accounting expertise to prepare Generally Accepted Accounting Principles (GAAP) financial statements including footnote disclosures. Due to cost effectiveness, auditor assistance is required for preparation of the financial statements and the related notes.

Recommendation: No action was recommended.

Action Taken: The Court does not have the funds available to create and fund personnel devoted strictly to technical accounting, but will continue to make an effort to educate its existing personnel on the GAAP financial statement procedures.

Finding 2013-02 Segregation of Duties

Condition: The Court has limited personnel, which results in a lack of segregation of duties for assignment of the accounting functions. One employee has control over checks, prepares the checks, signs the checks, and prepares the bank reconciliation.

Recommendation: To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. When possible, someone other than the check preparer should sign the check.

Action Taken: The Court does not have the funds available to hire enough personnel to separate all of the accounting functions. We will continue to segregate duties to the extent possible with our limited resources.

**Pineville City Court
Pineville, Louisiana
Management's Corrective Action Plan
Year Ended December 31, 2013**

Finding 2013-03 Louisiana Unclaimed Property Act

Condition: The Civil Agency Fund has a large number of checks issued from 2000 through 2012 which remain outstanding and have not been surrendered to the State of Louisiana according to the Louisiana Unclaimed Property Act.

Recommendation: It was recommended that Court employees complete the process of compliance with Louisiana Revised Statutes 9:151 through 181 in regards to unclaimed property.

Action Taken: We have begun the process of compliance with the Louisiana Unclaimed Property act by issuing due diligence letters to the claimants. We will continue the process of reporting the unclaimed property to the Louisiana Treasury Department.

**Pineville City Court
Pineville, Louisiana
Management's Summary Schedule of Prior Audit Findings
Year Ended December 31, 2013**

Finding 2012-01 Financial Statement Preparation

Current Status: Unresolved. See Finding 2013-01.

Finding 2012-02 Segregation of Duties

Current Status: Unresolved. See Finding 2013-02.

Finding 2012-03 Louisiana Unclaimed Property Act

Current Status: Partially Resolved. See Finding 2013-03.

Finding 2012-04 Bank Reconciliations on New Civil System

Current Status: Resolved.

Finding 2012-05 Employee Attendance and Leave Policy

Current Status: Resolved for 2014. Due to the timing of presentation of the audit findings, this finding was partially resolved in 2013.