

CITY COURT OF SLIDELL  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2016



**ERICKSEN KRENTEL & LAPORTE**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Judge Jim Lamz  
City Court of Slidell  
Slidell, Louisiana

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

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Slidell (the City Court) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* 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.



To the Honorable Judge Jim Lamz  
City Court of Slidell  
June 26, 2017

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 and each major fund of the City Court of Slidell as of December 31, 2016, 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***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, the schedule of contributions-retirement plan, and the related notes to the required supplementary information on pages 4 through 8 and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Slidell's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head is presented to comply with the Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements.



To the Honorable Judge Jim Lamz  
City Court of Slidell  
June 26, 2017

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated June 26, 2017, on our considerations of City Court of Slidell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 City Court of Slidell's internal control over financial reporting and compliance.

June 26, 2017  
New Orleans, Louisiana

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY COURT OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**DECEMBER 31, 2016**

As financial management of City Court of Slidell (the "City Court"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City Court for the fiscal year ending December 31, 2016. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The assets of the City Court exceeded its liabilities by \$1,395,475 at December 31, 2016. Of this amount, \$875,942 is investment in capital assets, \$95,796 is restricted, and the remaining \$423,737 in net position is unrestricted. The total net position of the City Court increased by \$32,708 or 2.4%.

The City Court's total revenue was \$1,108,129 in 2016 compared to \$1,078,298 in 2015, which is an increase of \$29,831 or 2.8%.

Total expenses for the City Court during the year ended December 31, 2016 were \$1,075,421 including depreciation expense and on-behalf payments. These expenses compared to total expenses of \$1,075,089 during the year ended December 31, 2015. This represented a \$332 increase in expenditures in 2016.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Management's Discussion and Analysis introduces the City Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The City Court also includes in this report required additional supplemental information.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The City Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the City Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the City Court's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City Court as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how the City Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 9 & 10 of this report.

**CITY COURT OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2016**

**FUND FINANCIAL STATEMENTS**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the City Court's most significant funds rather than the City Court as a whole.

The City Court uses governmental funds and fiduciary funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the City Court's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 11 – 14 of this report.

Fiduciary funds are reported in a separate Statement of Fiduciary Net Position. Activities from fiduciary funds are not included in the government-wide financial statements because the City Court cannot use these assets for its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statements are presented on pages 15 – 16 of this report.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the Budgetary Comparison Schedule, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions–Retirement Plan, and the related Notes to the Required Supplementary Information. Required supplementary information can be found on pages 31 - 34 of this report.



**CITY COURT OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2016

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. The following table provides a summary of the City Court's net position:

**SUMMARY OF NET POSITION**  
AS OF DECEMBER 31, 2016 AND 2015

	2016	2015
Current and other assets	\$ 2,816,930	\$ 2,738,265
Capital assets	875,942	810,542
Total assets	3,692,872	3,548,807
Deferred outflows of resources	66,001	43,940
Current and other liabilities	2,037,721	1,942,048
Non-current liabilities	322,940	260,916
Total liabilities	2,360,661	2,202,964
Deferred inflows of resources	2,737	27,016
Net position:		
Investment in capital assets	875,942	810,542
Restricted for special revenue fund	95,796	111,424
Unrestricted	423,737	440,801
Total net position	\$ 1,395,475	\$ 1,362,767

The total net position of the funds maintained by the City Court's governmental activities increased by \$32,708 or 2.4% primarily due to the increase in capital assets from various courthouse renovations, land improvements, and the case management system being offset by a rise in liabilities. The increases in deferred outflows of resources are primarily due to the difference between expected and actual return on investment. The decreases in deferred inflows of resources are primarily due to netting the difference between expected and actual return on investment with deferred outflows in accordance with GASB Statement No. 68.

**CITY COURT OF SLIDELL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2016

**FINANCIAL ANALYSIS (CONTINUED)**

**CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<u>Revenues:</u>		
<u>Program:</u>		
Fees, fines, and charges for services	\$ 778,867	\$ 794,290
Capital grants and contributions	26,866	-
Operating grants and contributions	-	37,110
<u>General:</u>		
On-behalf payments	130,803	113,545
Intergovernmental	47,752	9,000
Interest income	2,027	2,270
Other	<u>121,814</u>	<u>122,083</u>
Total revenues	<u>1,108,129</u>	<u>1,078,298</u>
 <u>Expenses:</u>		
<u>Program:</u>		
City Court	<u>1,075,421</u>	<u>1,075,089</u>
Change in net position	32,708	3,209
Net position, beginning of year	<u>1,362,767</u>	<u>1,359,558</u>
Net position, end of year	<u>\$ 1,395,475</u>	<u>\$ 1,362,767</u>

**BUDGETARY HIGHLIGHTS**

The original budget adopted by the City Court was amended during the fiscal year. The City Court does not budget on-behalf payments and related revenues for the salaries and related benefits of the City Court's staff which are paid directly by other governmental agencies.

**CAPITAL ASSETS**

The City Court's investment in capital assets, net of accumulated depreciation, amounts to \$875,942 as of December 31, 2016. Capital assets include equipment, furniture and fixtures, land, and leasehold improvements. During 2016, the City Court had asset additions of \$106,018 which consisted of capital improvement renovations to the City Court and the beginning of a project to install a new criminal case management system.

**CITY COURT OF SLIDELL**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2016

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City Court's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Sherry Philips, Clerk of Court, City Court of Slidell, 501 Bouscaren Street, Slidell, LA 70458.

## **BASIC FINANCIAL STATEMENTS**

**CITY COURT OF SLIDELL**  
**STATEMENT OF NET POSITION**  
DECEMBER 31, 2016

	<u>Governmental Activities</u>
<b><u>ASSETS:</u></b>	
Cash and cash equivalents	\$ 1,731,244
Receivables, net	26,866
Restricted assets:	
Deferred compensation investments	1,049,495
Prepaid expenses	9,255
Deposits	70
Capital assets, net of accumulated depreciation	<u>875,942</u>
Total assets	<u>3,692,872</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>	
Pensions	<u>66,001</u>
Total deferred outflows of resources	<u>66,001</u>
<b><u>LIABILITIES:</u></b>	
Accounts payable	30,026
Salaries and related benefits payable	20,235
Net pension liability	295,177
Due to agency funds	321,069
Registry deposits	37,764
Compensated absences	27,763
Appearance bonds pending	113,346
Fines pending	465,786
Payable from restricted assets:	
Deferred compensation due employees	<u>1,049,495</u>
Total liabilities	<u>2,360,661</u>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>	
Pensions	<u>2,737</u>
Total deferred inflows of resources	<u>2,737</u>
<b><u>NET POSITION:</u></b>	
Net investment in capital assets	875,942
Restricted for special revenue fund	95,796
Unrestricted	<u>423,737</u>
Total net position	<u>\$ 1,395,475</u>

**The accompanying notes are an integral part of this statement**

**CITY COURT OF SLIDELL**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Court Costs Assessed and Charges for Services</u>	<u>Capital Grants and Contributions</u>	
<u>Governmental activities:</u>				
City Court	\$ 1,075,421	\$ 778,867	\$ 26,866	\$ (269,688)
Total governmental activities	<u>\$ 1,075,421</u>	<u>\$ 778,867</u>	<u>\$ 26,866</u>	(269,688)
General revenues:				
				47,752
				130,803
				2,027
				<u>121,814</u>
				302,396
				<u>32,708</u>
				<u>1,362,767</u>
				<u>\$ 1,395,475</u>

**The accompanying notes are an integral part of this statement**

**CITY COURT OF SLIDELL**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
DECEMBER 31, 2016

**ASSETS**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental</u>
Cash and cash equivalents	\$ 1,666,584	\$ 64,660	\$ 1,731,244
Receivables, net	-	26,866	26,866
Restricted assets:			
Deferred compensation investments	1,049,495	-	1,049,495
Due from General Fund	-	4,270	4,270
Prepaid expenses	9,255	-	9,255
Deposits	<u>70</u>	<u>-</u>	<u>70</u>
 Total assets	 <u>\$ 2,725,404</u>	 <u>\$ 95,796</u>	 <u>\$ 2,821,200</u>

**LIABILITIES AND FUND BALANCES****LIABILITIES:**

Accounts payable	\$ 30,026	\$ -	\$ 30,026
Salary and related benefits payable	20,235	-	20,235
Due to agency funds	326,305	-	326,305
Registry deposits	37,764	-	37,764
Due to Special Revenue Fund	4,270	-	4,270
Appearance bonds pending	113,346	-	113,346
Fines pending	465,786	-	465,786
Payable from restricted assets:			
Deferred compensation due employees	<u>1,049,495</u>	<u>-</u>	<u>1,049,495</u>
 Total liabilities	 <u>2,047,227</u>	 <u>-</u>	 <u>2,047,227</u>

**FUND BALANCES:**

Nonspendable	9,255	-	9,255
Restricted for special revenue fund	-	95,796	95,796
Unassigned	<u>668,922</u>	<u>-</u>	<u>668,922</u>
 Total fund balances	 <u>678,177</u>	 <u>95,796</u>	 <u>773,973</u>
 Total liabilities and fund balances	 <u>\$ 2,725,404</u>	 <u>\$ 95,796</u>	 <u>\$ 2,821,200</u>

The accompanying notes are an integral part of this statement

**CITY COURT OF SLIDELL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
DECEMBER 31, 2016

Fund balances at December 31, 2016 - total governmental funds	\$ 773,973
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	875,942
Deferred outflows of resources related to pensions are not reported in governmental funds	66,001
Deferred inflows of resources related to pensions are not reported in governmental funds	(2,737)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds. All liabilities (both current and long-term) are reported in the Statement of Net Position:	
Net pension liability	(295,177)
Due to agencies	5,236
Compensated absences payable	<u>(27,763)</u>
Net position of governmental activities as of December 31, 2016	<u>\$ 1,395,475</u>

**The accompanying notes are an integral part of this statement**



**CITY COURT OF SLIDELL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund	Special Revenue Fund	Total Governmental
<b><u>REVENUES:</u></b>			
Court costs assessed	\$ 338,837	\$ -	\$ 338,837
Charges for services	440,030	-	440,030
Grants	-	26,866	26,866
Intergovernmental	38,652	9,100	47,752
Interest income	1,700	327	2,027
On-behalf payments	130,803	-	130,803
Other	66,633	55,181	121,814
	<u>1,016,655</u>	<u>91,474</u>	<u>1,108,129</u>
<b><u>EXPENDITURES:</u></b>			
Current:			
Personnel costs through on-behalf payments	130,803	-	130,803
Personnel services and benefits	693,043	9,100	702,143
Telephone	6,441	-	6,441
Insurance	16,704	-	16,704
Repairs and maintenance	738	3,080	3,818
Dues, subscriptions, and licenses	13,092	-	13,092
Community relations	6	-	6
Professional fees	56,309	-	56,309
Office supplies and library	21,268	8,048	29,316
Computer services	751	3,455	4,206
Storage rent	60	-	60
Operating leases	4,448	9,647	14,095
Witness fees	1,500	-	1,500
Filing/processing fees	5,669	-	5,669
Payroll taxes	12,812	-	12,812
Postage	12,763	-	12,763
Travel	671	-	671
Seminars	4,121	-	4,121
Janitorial service	-	12,000	12,000
Other	1,882	-	1,882
Capital outlays	44,246	61,772	106,018
	<u>1,027,327</u>	<u>107,102</u>	<u>1,134,429</u>
Net change in fund balances	(10,672)	(15,628)	(26,300)
<b>FUND BALANCES, BEGINNING</b>	<u>688,849</u>	<u>111,424</u>	<u>800,273</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 678,177</u>	<u>\$ 95,796</u>	<u>\$ 773,973</u>

**The accompanying notes are an integral part of this statement**

**CITY COURT OF SLIDELL**  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds	\$	(26,300)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
		65,404
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds:</p>		
Increase in compensated absences		(6,396)
Change in net position of governmental activities	\$	32,708

**The accompanying notes are an integral part of this statement**

**CITY COURT OF SLIDELL**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Agency Funds		Total
	Civil Docket	Criminal Docket	
<b><u>ASSETS:</u></b>			
Due from general fund	\$ 257,050	\$ 64,019	\$ 321,069
Total assets	257,050	64,019	321,069
<b><u>LIABILITIES:</u></b>			
Due to others	257,050	64,019	321,069
Total liabilities	257,050	64,019	321,069
<b><u>NET POSITION</u></b>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement

**CITY COURT OF SLIDELL**  
**STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	Civil Docket	Criminal Docket	Total
<b><u>ADDITIONS:</u></b>			
Fines and fees collected	\$ 248,529	\$ 711,716	\$ 960,245
<b><u>DEDUCTIONS:</u></b>			
City of Slidell	-	242,354	242,354
Department of Public Safety/Machine	-	8,135	8,135
District Attorney	-	43,647	43,647
Indigent Defender	-	125,151	125,151
Juvenile Detention Center	-	13,874	13,874
Louisiana Law Enforcement	-	12,704	12,704
Parish of St. Tammany	-	95,222	95,222
Slidell City Marshal	-	86,014	86,014
State of Louisiana	-	300	300
Traumatic Head & Spinal Cord Injury	-	6,591	6,591
Crimestoppers	-	5,306	5,306
Criminalistics Lab	-	21,341	21,341
Department of Public Safety Services	-	32,663	32,663
Louisiana Supreme Court	-	8,745	8,745
Town of Pearl River	-	58	58
Covington Clerk of Court	15,444	-	15,444
Curator	465	-	465
Garnishee	120	-	120
Judge Fee	123,185	-	123,185
Judge Supplemental Compensation Fund	54,740	-	54,740
Refunds of Unused Court	12,706	-	12,706
Secretary of State	3,150	-	3,150
Service Marshal	24,825	-	24,825
Service Sheriff	14,540	-	14,540
Judicial College Fund	464	-	464
Total deductions	<u>249,639</u>	<u>702,105</u>	<u>951,744</u>
Net change	(1,110)	9,611	8,501
Fiduciary liabilities, beginning	<u>258,160</u>	<u>54,408</u>	<u>312,568</u>
Fiduciary liabilities, ending	<u>\$ 257,050</u>	<u>\$ 64,019</u>	<u>\$ 321,069</u>

**The accompanying notes are an integral part of this statement**

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Formation and Operations**

The City Court of Slidell (the "City Court") was created by a special legislative act. Its jurisdiction extends throughout all of Wards 8 and 9 of St. Tammany Parish. The City Court handles civil suits up to \$50,000 and collects certain funds pursuant to state statute, which are under the control of the City Court and are reported in the accompanying financial statements.

**Reporting Entity**

The City Court of Slidell is composed of a City Judge, a Marshal, and a Clerk of Court. The Judge and the Marshal are elected at the Congressional election every six years.

The financial statements include all organizations, activities, and functions that comprise the City Court. Component units are legally separate entities for which the City Court (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the City Court's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City Court. Using these criteria, the City Court has no component units.

**Basis of Presentation**

The accompanying financial statements of the City Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

**Government-Wide Financial Statements-(GWFS)**

The statement of net position and the statement of activities display information about the City Court as a whole. These statements include all of the financial activities of the City Court. Information contained in these columns reflects the economic resources measurement and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of Section N50 (GASB 34, as amended by GASB 63).

**CITY COURT OF SLIDELL**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide Financial Statements (GWFS) (continued)**

Assets used in operation with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, leasehold improvements, and building are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements, or construction in progress. Depreciable assets are recorded net of accumulated depreciation in the statement of net position.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the City Court. Program revenues are derived directly from Court users as fees for services; program revenues reduce the cost of the function to be financed from the City Court's general revenues. Program revenues also consist of operating grants and contributions which are resources restricted for operating purposes of a program.

**Fund Financial Statements (FFS)**

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities of attaining certain objectives in accordance with specific regulations, restrictions, or limitations. The various kinds in the financial statements in this report are grouped into three broad categories as follows:

*General Fund Type*

Governmental funds account for all of the City Court's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. During 2016, the City Court maintained a General Fund to account for all these general activities.

*Special Revenue Fund*

The City Court's special revenue fund accounts for the Judicial Building Funds and other intergovernmental revenues that are restricted to help defray the cost of certain programs and grant funds received from the Louisiana Supreme Court as discussed in Note 6.

*Fiduciary Fund Type*

Agency funds are used to account for assets held by the City Court of Slidell, Louisiana as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equals liabilities) and do not involve the measurement of results of operations.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2016**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City 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. Principal and interest on general long-term debt and compensated absences are recorded as fund liabilities when due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures when incurred. Court fines and fees and interest are recorded when earned and measurable.

**Budget and Budgetary Accounting**

Formal budgetary accounting is employed as a management control device during the year for the general fund. The City Court of Slidell presents, adopts, and amends an operating budget as required by the Louisiana Local Government Budget Act. The budget is prepared on a modified accrual basis of accounting. All appropriations, which are not expended, lapse at year-end. Unexpended appropriations and any excess revenues over expenditures are carried forward to subsequent year as beginning fund balance.

**Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposits, certificates of deposit, and money market accounts. It is the policy of the City Court to treat these asset types and highly liquid investments with a maturity of ninety (90) days or less as cash equivalents.

**CITY COURT OF SLIDELL**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents (continued)**

Louisiana revised statutes authorize the City Court to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

**Capital Assets**

Capital assets are recorded as expenditures at the time of purchase and the related assets are capitalized. All purchased fixed assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets over \$5,000 are capitalized. Depreciation is computed using the straight-line method over estimated lives of 5 years.

**Prepaid Expenses**

Prepaid expenses represent the unused portion of insurance and equipment maintenance policies in effect at the balance sheet date.

**Use of Estimates in the Preparation of Financial Statements**

The preparation of the City Court's financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Adjustments to the reported amounts of assets and liabilities may be necessary in the future to the extent that future estimates or actual results are different from the estimates used in 2016 financial statements.



**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

The City Court's policy permits all full time City Court employees who are paid on a salary basis and work a regular full-time work week earn paid time off ("PTO"). An employee may accumulate up to a maximum of thirty days of PTO. Any earned time in excess of thirty days shall be paid to the employee on their anniversary date.

The following is a schedule of the rates for paid time off:

<u>Service</u>	<u>Paid Time-Off Days</u>
< 1 year	0
1 - 5 years	15
6 - 10 years	20
>10 years	25

The cost of current leave privileges is recognized as a current-year expenditure in the General Fund when the leave is actually taken. The total cost of leave privileges is recorded in the Statement of Net Position.

**Fines Pending and Civil Fees on Deposit**

Fines pending represent partial payments on fines collected by the Probation Department. Once fines have been collected in full, the City Court records its share of the fines as revenues and distributes the remaining amounts that are collected for other agencies.

Deposits on pending civil cases represent deposits received until a disposition of a case is finalized at which point the deposits are distributed.

**Equity Classifications**

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Equity Classifications (continued)**

- c. Unrestricted net position - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The Judge, as the highest level of decision-making authority, can establish, modify, or rescind a fund balance commitment. For assigned fund balance the Judge authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the City Court's policy to use restricted resources first, then unrestricted as needed. When committed, assigned, or unassigned fund balances are available for use, it is the City Court's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

**Date of Management Review**

Management has evaluated subsequent events through June 26, 2017, the date which the financial statements were available to be issued.

**(2) CASH AND CASH EQUIVALENTS**

At December 31, 2016, the City Court had cash and cash equivalents (book balances) totaling \$1,731,244. These deposits are stated at cost. Under state law, these 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 equal the amount on deposit with the fiscal agent. 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.

At December 31, 2016, the City Court had \$1,775,942 in deposits (collected bank balances). These deposits are secured from custodial credit risk by \$636,215 of federal deposit insurance (GASB Category 1) and the remaining deposits of \$1,139,728 are covered by pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City Court that the fiscal agent has failed to pay deposited funds upon demand.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

**(3) RECEIVABLES**

Receivables at December 31, 2016, were comprised of the following.

Case Management Grant	\$	<u>26,866</u>
	\$	<u><u>26,866</u></u>

No allowance for uncollectible accounts was required at December 31, 2016.

**(4) CHANGES IN CAPITAL ASSETS**

The following is a summary of changes in capital assets for the year ended December 31, 2016:

	<u>Balance 1/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2016</u>
<b>Capital assets not being Depreciated:</b>				
Land	\$ 138,023	\$ -	\$ -	\$ 138,023
Case management system	-	48,687	-	48,687
Construction in Progress	<u>31,115</u>	<u>19,966</u>	<u>-</u>	<u>51,081</u>
Total capital assets not Being depreciated	<u>169,138</u>	<u>68,653</u>	<u>-</u>	<u>237,791</u>
<b>Capital assets being Depreciated</b>				
Furniture, fixtures And equipment	231,947	-	(4,475)	227,472
Leasehold improvements	<u>687,734</u>	<u>37,361</u>	<u>-</u>	<u>725,095</u>
Total capital assets Being depreciated	919,681	37,361	(4,475)	952,567
<b>Less accumulated Depreciation</b>	<u>(278,277)</u>	<u>(40,614)</u>	<u>4,475</u>	<u>(314,416)</u>
Total capital assets Being depreciated, net	<u>641,404</u>	<u>(3,253)</u>	<u>-</u>	<u>638,151</u>
Total capital assets, net	<u>\$ 810,542</u>	<u>\$ 65,400</u>	<u>\$ -</u>	<u>\$ 875,942</u>

For the year ended December 31, 2016, \$40,614 in depreciation expense was allocated to judicial activities.

**CITY COURT OF SLIDELL**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2016

**(5) RETIREMENT PLANS**

The City Judge is partially covered under the pension plan of the City of Slidell and the Parish of St. Tammany, Louisiana, at no cost to the City Court. The City's plan also pays the pension of retired Judges. In 1991, the City Court adopted a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Court employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency.

The City Court funds all amounts of compensation deferred under the Plan at the direction of the covered employees through investments in annuity contracts underwritten by Empower Retirement, which is the plan administrator. The City Court contributes a certain percentage of the employees' gross salary to the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights (until paid or made available to the employees or other beneficiary) are solely the property and rights of the City Court subject only to the claims of the City Court's general creditors. Participants' rights under the plan are equal to those of general creditors of the City Court in an amount equal to the fair value of the deferred account for each participant. The City Court has no liability for losses under the plan but does have the duty of due care. The City Court contributed \$41,953 to the plan in 2016. The market value of the plan assets as of December 31, 2016, is \$1,049,495.

The City Judge is a member of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit plan administered by a separate board of trustees.

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](http://www.lasersonline.org).

**Funding Policy**

For the LASERS system, 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.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

**(5) RETIREMENT PLANS (CONTINUED)**

Contributions – LASERS

For the LASERS 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. Under the terms of the plan, the Judge contributes a specified percentage of his gross earnings and the City Court also contributes a specified percentage. For the year ending June 30, 2016, the actual employer contribution rate and the actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	11.50% \$ 7,708	11.50% \$ 7,708
Employers	<u>38.10%</u> <u>25,443</u>	<u>38.10%</u> <u>25,443</u>
	<u>49.60%</u> <u>\$ 33,151</u>	<u>49.60%</u> <u>\$ 33,151</u>

The City Court's contributions to the LASERS system for the years ending June 30, 2016 and 2015, were approximately \$25,443, and \$27,012, respectively, equal to the required contribution for each year.

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

At December 31, 2016, the City Court reported a liability totaling \$295,177 representing its proportionate share of the net pension liability for the LASERS systems. 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 City Court's proportion of the Net Pension Liability was based on a projection of the City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City Court's proportion was .0037589% for the LASERS system, which was an increase of .000237% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City Court recognized pension liability in its agency funds for LASERS systems totaling \$37,769. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$15,647.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

(5) **RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – LASERS (continued)**

At June 30, 2016, the City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 171	\$ 2,737
Net difference between projected and actual earnings on pension plan investments	36,764	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,414	-
Employer contributions subsequent to the measurement date	12,652	-
Total	\$ 66,001	\$ 2,737

Employer contributions subsequent to the measurement date totaling \$12,652 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2017	\$	16,655
2018		10,900
2019		14,288
2020		8,769
Total	\$	50,612

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

(5) **RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions – LASERS System**

The total pension liability in the June 30, 2016, actuarial valuations for the LASERS System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.75% per annum
Inflation	3.00% per annum
Expected Remaining Service Lives	3 years
Mortality Rates	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System’s members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

Cost of Living Adjustments – The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

(5) **RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions – LASERS System (continued)**

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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	(0.24%)
Domestic equity	4.31%
International equity	5.48%
Domestic Fixed Income	1.63%
International Fixed Income	2.47%
Alternative Investments	7.42%
Global Asset Allocation	<u>2.92%</u>
 Total fund	 5.30%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. 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 will be made at the contractually required rates, actuarially determined. Based on these assumptions, the pension plan's 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.



**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2016

**(5) RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions – LASERS System (continued)**

Sensitivity of the City Court’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City Court’s proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the City Court’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	LASERS System		
		Current	
	1% Decrease <u>6.75%</u>	Discount Rate <u>7.75%</u>	1% Increase <u>8.75%</u>
Court’s proportionate share of the Net Pension Liability \$	362,653	\$ 295,177	\$ 237,845

Detailed information about the pension plan’s fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor’s website, [www.la.la.gov](http://www.la.la.gov).

**(6) GRANTS**

During 2016, the City Court was awarded a grant from the Louisiana Supreme Court in the amount of \$159,698. These funds are accounted for in the Special Revenue Fund and are to be used to upgrade the City Court’s case management software. During the year ended December 31, 2016, the City Court requested reimbursement of \$26,866 under this grant agreement. The remainder of the awarded funds is expected to be reimbursed to the City Court during the year ended December 31, 2017.

**(7) LONG-TERM OBLIGATIONS**

The following is a summary of the changes in long-term obligations:

	Balance <u>1/01/2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2016</u>
Compensated absences	\$ 21,367	\$ 41,972	\$ (35,576)	\$ 27,763

**(8) OPERATING LEASES**

The City Court has cancelable and non-cancelable operating leases for the rental of office equipment. The total amount charged to lease expense as a result of all operating leases was \$14,095 for the year ended December 31, 2016.

**CITY COURT OF SLIDELL**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2016**

**(8) OPERATING LEASES (CONTINUED)**

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2016, are as follows:

2017	\$ 8,912
2018	8,912
2019	<u>5,198</u>
Total	<u>\$ 23,022</u>

**(9) APPEARANCE BONDS PENDING**

Appearance bonds pending represent amounts collected for cases that have not been settled at year end. When these cases are settled, the City Court will record its share of these amounts as revenues and the remaining amounts will be distributed to other agencies.

**(10) EXPENSES OF THE CITY COURT PAID BY OTHERS**

The accompanying financial statements do not include certain portions of the City Court's expenses paid directly by other governmental entities. In compliance with Louisiana Revised Statute 13:2487.16, the City of Slidell furnishes a suitable court room and offices for the Clerk of Court, and the expenses of operation and maintenance of the City Court room and offices are legislatively mandated to be borne by the City of Slidell and St. Tammany Parish equally.

Compensation paid to the Judge and the Clerk of Court, has been prepared in compliance with Louisiana Revised Statute 13:1875 and 13:1874. Under statute 13:1875 the City of Slidell and St. Tammany Parish paid salaries and fringe benefits totaling \$50,671 on behalf of the City Court. The fringe benefit payments include contributions of \$14,029 to the Louisiana State Employees' Retirement System (LASERS). Under statute 13:1874 the State of Louisiana paid annual salary and fringe benefits to the Judge totaling \$80,132 on behalf of the City Court. The fringe benefits paid by the state include contributions of \$18,042 to LASERS. On-behalf payments totaling \$130,803 are included in the General Fund as revenues and personnel cost in the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY COURT OF SLIDELL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	General Fund					Special Revenue Funds				
	Original Budget	Final Budget	Actual Amounts (GAAP)	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
<b>REVENUES:</b>										
Court costs assessed	\$ 355,000	\$ 338,000	\$ 338,837	\$ -	\$ 338,837	\$ 837	\$ -	\$ -	\$ -	\$ -
Charges for services	458,500	438,000	440,030	-	440,030	2,030	-	-	-	-
Grants	-	-	-	-	-	-	-	-	26,866	26,866
Intergovernmental	-	38,655	38,652	-	38,652	(3)	9,000	9,100	9,100	-
Interest	1,920	1,615	1,700	-	1,700	85	380	300	327	27
On-behalf payments	-	-	130,803	(130,803)	-	-	-	-	-	-
Gain on sale of assets	-	-	-	-	-	-	-	-	-	-
Other	79,800	69,545	66,633	-	66,633	(2,912)	55,000	55,000	55,181	181
<b>Total revenues</b>	<b>895,220</b>	<b>885,815</b>	<b>1,016,655</b>	<b>(130,803)</b>	<b>885,852</b>	<b>37</b>	<b>64,380</b>	<b>64,400</b>	<b>91,474</b>	<b>27,074</b>
<b>EXPENDITURES:</b>										
Current:										
Personnel costs through on-behalf payments	-	-	130,803	(130,803)	-	-	-	-	-	-
Personnel services and benefits	692,050	683,460	693,043	-	693,043	(9,583)	9,000	9,100	9,100	-
Telephone	5,145	5,345	6,441	-	6,441	(1,096)	1,105	1,105	-	1,105
Insurance	18,500	17,150	16,704	-	16,704	446	-	-	-	-
Repairs and maintenance	-	750	738	-	738	12	16,000	1,900	3,080	(1,180)
Drug screens	300	-	-	-	-	-	-	-	-	-
Conferences & seminars	7,000	4,150	4,121	-	4,121	29	-	-	-	-
Dues, subscriptions, and licenses	13,000	13,250	13,092	-	13,092	158	-	-	-	-
Community relations	-	-	6	-	6	(6)	-	-	-	-
Professional fees	78,000	58,000	56,309	-	56,309	1,691	-	-	-	-
Office supplies and library	24,450	23,850	21,268	-	21,268	2,582	200	9,266	8,048	1,218
Computer services	-	1,650	751	-	751	899	2,000	2,900	3,455	(555)
Storage rent	-	60	60	-	60	-	-	-	-	-
Credit card processing fees	4,500	5,500	5,669	-	5,669	(169)	-	-	-	-
Operating leases	5,500	4,450	4,448	-	4,448	2	9,000	9,650	9,647	3
Witness fees	2,950	1,900	1,500	-	1,500	400	-	-	-	-
Payroll taxes	15,000	13,000	12,812	-	12,812	188	-	-	-	-
Postage	17,000	12,600	12,763	-	12,763	(163)	-	-	-	-
Travel	1,980	1,025	671	-	671	354	-	-	-	-
Janitorial service	-	-	-	-	-	-	12,000	12,000	12,000	-
Other	3,300	426	1,882	-	1,882	(1,456)	-	-	-	-
Capital outlays	557,489	44,000	44,246	-	44,246	(246)	125,011	75,000	61,772	13,228
<b>Total expenditures</b>	<b>1,446,164</b>	<b>890,566</b>	<b>1,027,327</b>	<b>(130,803)</b>	<b>896,524</b>	<b>(5,958)</b>	<b>174,316</b>	<b>120,921</b>	<b>107,102</b>	<b>13,819</b>
Excess (deficiency) of revenues over (under) expenditures	(550,944)	(4,751)	(10,672)	-	(10,672)	(5,921)	(109,936)	(56,521)	(15,628)	40,893
<b>FUND BALANCE, BEGINNING</b>		<b>688,849</b>	<b>688,849</b>		<b>688,849</b>				<b>111,424</b>	
<b>FUND BALANCE, ENDING</b>		<b>\$ 684,098</b>	<b>\$ 678,177</b>		<b>\$ 678,177</b>				<b>\$ 95,796</b>	

(See Independent Auditors' Report)

**CITY COURT OF SLIDELL**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016\***

	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
<b><u>Louisiana State Employees' Retirement System</u></b>			
City Court's Proportion of the Net Pension Liability	0.003759%	0.003522%	0.003604%
City Court's Proportionate Share of the Net Pension Liability	\$ 295,177	\$ 239,549	\$ 225,354
City Court's Covered-Employee Payroll	\$ 66,779	\$ 65,089	\$ 64,495
City Court's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	442.02%	368.03%	349.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.73%	62.66%	65.02%

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

*\*The amounts presented have a measurement date of June 30, 2016, 2015, and 2014, respectively.*

**CITY COURT OF SLIDELL**  
**SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u><b>12/31/2016</b></u>	<u><b>12/31/2015</b></u>	<u><b>12/31/2014</b></u>
<b><u>Louisiana State Employees' Retirement System</u></b>			
Contractually Required Contribution	\$ 25,377	\$ 27,012	\$ 23,412
Contributions in Relation to the Contractually Required Contribution	<u>(25,377)</u>	<u>(27,012)</u>	<u>(23,412)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Court's Covered-Employee Payroll	\$ 66,694	\$ 65,089	\$ 64,495
Contributions as a Percentage of Covered-Employee Payroll	38.05%	41.50%	36.30%

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

**CITY COURT OF SLIDELL**  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2016

(1) **PENSION PLAN SCHEDULES**

**Changes of Benefit Terms**

There were no changes of benefit terms during any of the years presented.

**Changes of Assumptions**

There were no changes of assumptions during any of the years presented.

**OTHER SUPPLEMENTARY INFORMATION**



## CITY COURT OF SLIDELL

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Judge James Lamz</u>	
Salary	\$	149,663
Benefits - insurance (life and disability)		833
Benefits - insurance (medical and dental)		15,156
Benefits - retirement LASERS		57,448
Benefits - retirement LA DEF COMP		6,670
Registration fees		649
Continuing professional education fees		55
Business meals		11
		<hr/>
Total compensation, benefits, and other payments	\$	<u><u>230,485</u></u>



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

To the Honorable Judge Jim Lamz  
City Court of Slidell  
Slidell, 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 each major fund of City Court of Slidell, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City Court of Slidell's basic financial statements, and have issued our report thereon dated June 26, 2017.

**Internal Control over Financial Reporting**

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



To the Honorable Judge Jim Lamz  
City Court of Slidell  
June 26, 2017

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

June 26, 2017  
New Orleans, Louisiana

Certified Public Accountants

**CITY COURT OF SLIDELL**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**SECTION I SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the City Court of Slidell.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the City Court of Slidell were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2016.

**SECTION II FINANCIAL STATEMENT FINDINGS**

There were no financial statement findings related to the year ended December 31, 2016.

**CITY COURT OF SLIDELL**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statements for the year ended December 31, 2015.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Judge Jim Lamz  
and Management of City Court of Slidell  
Slidell, Louisiana

We have performed the procedures enumerated below, which were agreed to by the City Court of Slidell and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the City Court of Slidell's compliance with certain laws and regulations during the period of January 1, 2016 to December 31, 2016, in accordance with Act 774 of 2014 Regular Legislative Session.

Management of the City Court of Slidell is responsible for its financial records, establishing internal controls over financial reporting, compliance with applicable laws and regulations, and providing a corrective action plan that addresses all exceptions noted.

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 Accounting Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in the 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.

Our procedures and findings are detailed in Schedule "1".

We were not engaged to perform and did not perform an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

This report is intended solely for the use of management of the City Court of Slidell and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2017  
New Orleans, Louisiana

Certified Public Accountants

**CITY COURT OF SLIDELL**  
AGREED-UPON PROCEDURES  
JANUARY 1, 2016 TO DECEMBER 31, 2016

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

1. **Procedures:** Obtain the entity's written policies and procedures over purchasing and disbursements (or report that the entity does not have any written policies and procedures over purchasing and disbursements) and report whether those written policies and procedures address (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; (5) documentation required to be maintained for all bids and price quotes, and (6) the processing, reviewing, and approving of disbursements.

**Results:** The City Court of Slidell's written policies over purchases and disbursements address the six items noted above.

2. **Procedures:** 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.

**Results:** No exceptions noted.

3. **Procedures:** Using the disbursement population from #2 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.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - 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.

**Results:** All purchases tested had appropriate documentation and were approved by two members of management.

4. 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.

**CITY COURT OF SLIDELL**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2016 TO DECEMBER 31, 2016**

**Results:** Per written procedures of the City Court, vendors may be added to the computer system by the person responsible for processing payments; however, new vendors may only be added after review of the invoice and signed form W-9 by the Comptroller. All payments to new vendors are reviewed and approved by the Clerk of Court prior to signing the check.

5. 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.

**Results:** Only the Judge has sole signatory authority, and he has no responsibility for initiating or recording purchases.

6. 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.

**Results:** Blank check stock is locked in the Clerk of Court's office. The Clerk of Court has system access to print checks, but does not have final signatory authority as all checks must be signed by two members of management, unless signed by the Judge. The Chief Deputy Clerk, who does not have signatory authority, prints all checks.

7. 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.

**Results:** Not applicable.

**Payroll and Personnel**

1. **Procedures:** Obtain the entity's written policies and procedures over payroll/personnel (or report that the entity does not have any written policies and procedures over payroll/personnel) and report whether those written policies and procedures address (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**Results:** The City Court of Slidell's written policies over purchases and disbursements address the two items noted above. However, only leave is approved for salaried workers.

2. **Procedures:** 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:



**CITY COURT OF SLIDELL**  
AGREED-UPON PROCEDURES (CONTINUED)  
JANUARY 1, 2016 TO DECEMBER 31, 2016

- 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.
- 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.

**Results:** Compensation paid to the employees tested was made in strict accordance with their pay rate structure. Changes made to hourly pay rates and salaries for those employees tested were approved in writing by the Judge.

- 3. **Procedures:** 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.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - 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.

**Results:** Attendance and leave were documented for all hourly employees tested and were approved by supervisors. Salaried employees only document leave.

- 4. **Procedures:** 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.

**Results:** Not applicable. No termination payments made in 2016.

**CITY COURT OF SLIDELL**  
**AGREED-UPON PROCEDURES (CONTINUED)**  
**JANUARY 1, 2016 TO DECEMBER 31, 2016**

5. **Procedures:** 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.

**Results:** Payments for payroll taxes and retirement contributions were submitted by the required deadlines.