

City Court of Bogalusa
(a Component Unit of the City of
Bogalusa, Louisiana)

Annual Financial Statements

As of and for the Year Ended December 31, 2017
With Supplemental Information Schedules

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CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Robert J. Black, Judge
City Court of Bogalusa
Bogalusa, Louisiana

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Bogalusa, a component unit of the City of Bogalusa, Louisiana as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the

City Court of Bogalusa, as of December 31, 2017, 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 budgetary comparison information on page 20 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. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basis 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 appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bogalusa's basic financial statements. The schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the schedule of compensation, benefits, and other payments to the agency head are 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*, I have also issued my report dated June 20, 2018, on my consideration of the City Court of Bogalusa's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Bogalusa's internal control over financial reporting and compliance.

Minda Raybourn

Franklinton, La

June 20, 2018

Financial Statements

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
ASSETS	
Cash	\$ -
Capital assets, net of accumulated depreciation	1,074
Total assets	1,074
DEFERRED OUTFLOWS OF RESOURCES	
	-
LIABILITIES	
Cash Overdraft	188
Accounts payable	13,718
Accrued payroll liabilities	10,472
Total liabilities	24,378
DEFERRED INFLOWS OF RESOURCES	
	-
NET POSITION	
Net investment in capital assets	1,074
Unrestricted	(24,378)
Total net position	\$ (23,304)

The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
		Fees, Fines, & Charges for Services	Operating Grants and Contributions	Governmental Activities
Functions/Programs				
Governmental activities:				
Judicial	\$ 463,054	\$ 132,715	\$ 288,137	\$ (42,202)
		General Revenues		
				300
				1
				-
			Total general revenues & transfers	301
			Change in net position	(41,901)
			Net position - beginning (Restated)	18,597
			Net position - ending	\$ (23,304)

The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund
ASSETS	
Cash	\$ -
Total assets	-
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Cash Overdraft	188
Accounts payable	13,718
Accrued payroll liabilities	10,472
Total liabilities	24,378
Fund Balance:	
Unassigned	(24,378)
Total fund balance	(24,378)
Total liabilities and fund balance	\$ -

Amounts reported for net position in the *governmental activities* statement of net position are different from fund balance reported above because:

Fund balance as reported above	\$ (24,378)
Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	1,074
Net position of governmental activities.	\$ (23,304)

The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund
REVENUES	
Court fees	\$ 132,715
Intergovernmental	288,137
Restitution	300
Interest	1
	1
Total revenues	421,153
EXPENDITURES	
Judicial:	
Salaries	276,407
Fringe benefits and payroll taxes	81,325
Contract labor	2,014
Legal and professional	73,347
Bank Fees	601
Continuing education	775
Telephone and postage	
Travel	16,607
Supplies and miscellaneous	2,651
Dues and subscriptions	5,825
Meals and entertainment	164
Service Contracts	952
Probation Fees	
Capital Outlay	
Seminars and conventions	750
	750
Total expenditures	461,418
Net change in fund balance	(40,265)
Fund balances - beginning	15,887
Fund balances - ending	\$ (24,378)

The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Net change in fund balances - governmental funds	\$	(40,265)
<p>Amounts reported for <i>governmental activities</i> 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.</p>		
Expenditures for Capital assets	-	
Current year's depreciation	(1,636)	(1,636)
Change in net position of government activities	\$	(41,901)

The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
DECEMBER 31, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 38,368</u>
Total assets	<u> 38,368</u>
LIABILITIES	
Liabilities:	
Bond forfeitures pending disbursement	7,918
Due to litigants and others	<u>30,450</u>
Total liabilities	<u>\$ 38,368</u>

The accompanying notes are an integral part of this financial statement.

Notes Financial Statements

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

1. Summary of Significant Accounting Policies

The City Court of Bogalusa (a component unit of the City of Bogalusa) is a court of limited jurisdiction created under the authority of Louisiana Revised Statutes (RS) 13:1952 and serves Ward 4 of Washington Parish, Louisiana, in civil, criminal, and juvenile judicial proceedings.

The Court's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Court are discussed below.

Reporting Entity

According to Governmental Accounting Standards Board Statement (GASBS) No. 14 as amended by GASBS No. 61, the City of Bogalusa (the City) is the financial reporting entity for the Court. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Even though the City Court Judge is an independently elected official, and is legally separate from the City, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays retirement and a portion of the salaries for the Court's clerks. The accompanying financial statements present information only on the funds maintained by the Court, and do not present information on the City, the general governmental services provided by the City, or the other governmental units that comprise the financial reporting entity of the City.

Basic Financial Statements – Government-Wide Statements

The Court's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Court's general operations are classified as governmental activities. The Court's collections specifically related to civil, criminal, and bonding cases are classified as fiduciary activities and are not included in the government-wide financial statements.

In the government-wide Statement of Net Position, the Court's operating activities are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Basic Financial Statements – Government-Wide Statements

The government-wide Statement of Activities reports both the gross and net cost of the Court's functions. The functions are also supported by general government revenues (fees, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, operating and capital grants. Program revenues must be directly associated with the function (court operations). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenue (fees, intergovernmental revenues, interest income, etc.) and the Court does not allocate indirect costs.

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

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Basic Financial Statements – Fund Financial Statements

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Court's only major fund is the general fund. There are no non-major funds in the fund financial statements. A description of the types of funds utilized by the Court is as follows:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Court reports these major governmental funds and fund types:

The general fund is the Court's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

The activities reported in this fund are included as governmental activities in the government-wide financial statements.

Fiduciary (Agency) Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Court programs. The reporting focus is on the assets held for others and liabilities to those other parties. These funds do not report net position. Agency funds utilize accounting principles similar to that found in the private sector which employ full accrual accounting.

The Court's fiduciary funds are presented in the fiduciary fund financial statements by type (agency only). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Civil Fund - The civil fund maintains deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The court acts only as a collection agent for fees and settlements in civil matters. As the suits are processed, the various fees and settlements collected are paid out on a monthly basis. After a case is dismissed, any excess deposit is refunded to the plaintiff.

Garnishments from civil suits are also maintained within the civil fund. Payments from third parties are received by the clerk and disbursed to the plaintiff. The activity in this account is not reflected in a statement of revenues collected and expenditures paid, but rather as an increase or decrease in cash and a corresponding change in liability.

Bond Fund - The bond fund is used to account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for criminal offenses. Bonds posted by violators are held until their cases are heard in the City Court of Bogalusa. At that time, the bonds for persons convicted of violations may be distributed to various agencies if the person elects to have their bond used for payment of fines. Otherwise, the bond is refunded to the defendant.

Criminal Fund - The criminal fund is used to account for the collection and disbursement to various agencies of monies paid to the Court for citations or criminal charges issued to defendants.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements (the Court's general fund) are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available.

Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Financial Statement Amounts

Cash and Investments - Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Court is allowed, under state law, to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The Court invests in certificates of deposit.

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

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 – 20 years

Compensated Absences - The salaries of Court employees are the responsibility of the City of Bogalusa. All related accruals for wages, vacations, or sick pay are reported on the City's financial statements.

Government-Wide Net Position - Government-Wide net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by outside parties or sources such as creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by contributors.
- Unrestricted—all other net position is reported in this category.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

Governmental Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

- **Non-spendable**—Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**—Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed**—Amounts that can be used only for specific purposes determined by law. Commitments may be established, modified, or rescinded only with approval of the highest decision-making body for budgetary purposes.
- **Assigned**—Amounts that are designated for a particular purpose but are not spendable until a formal action by the Judge has been made.
- **Unassigned**—All amounts not included in other spendable classifications.

Use of Restricted Resources - When an expense or expenditure is incurred that can be paid using either restricted or unrestricted resources (net position), the Court's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Court's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications—committed and then assigned fund balances before using unassigned fund balances.

Interfund Activity - Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related net cost as a reimbursement. All other interfund transactions are treated as transfers.

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

2. Stewardship, Compliance, and Accountability

The budget was prepared on the modified accrual basis of accounting. Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

3. Cash and Cash Equivalents

At December 31, 2017, the Court's general fund had cash and cash equivalents (book balance) totaling (\$188) in non-interest bearing demand deposits through a local bank.

At December 31, 2017, the Court maintained cash (book) balances of \$ 38,368 in the agency funds, which were held in deposit accounts through a local bank as follows:

Interest bearing demand deposits	\$	23,422
Non-interest bearing demand deposits		<u>14,946</u>
Total cash - agency funds	\$	<u><u>38,368</u></u>

These deposits are stated at cost, which approximates market. 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.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2017, the Court's deposits were secured from risk by federal deposit insurance.

4. Capital Assets

A summary of the capital asset and accumulated depreciation activity and the current year depreciation follows:

Capital assets being depreciated				
Equipment	\$ 25,127	\$ -	\$ -	\$ 25,127
Total capital assets being depreciated	<u>25,127</u>	<u>-</u>	<u>-</u>	<u>25,127</u>
Less accumulated depreciation for:				
Equipment	<u>(22,419)</u>	<u>(1,634)</u>	<u>-</u>	<u>(24,053)</u>
Total accumulated depreciation	<u>(22,419)</u>	<u>(1,634)</u>	<u>-</u>	<u>(24,053)</u>
Capital assets being depreciated, net	<u>\$ 2,708</u>	<u>\$ (1,634)</u>	<u>\$ -</u>	<u>\$ 1,074</u>

For the year ended December 31, 2017, depreciation expense was \$1,634. The Court purchased no new assets.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

5. On Behalf Payments and Expenses Paid by Other Governmental Entities

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits, salaries, and other expenses. The following amounts were paid on-behalf of the Court for employee salaries and fringe benefits and other expenses for the Court during 2017:

Revenue:	
City of Bogalusa	\$ 181,024
State of Louisiana	62,634
Washington Parish Government	<u>44,479</u>
Total	<u>\$ 288,137</u>

In accordance with Statement No. 24, these compensation payments are included as revenue and expenditures in the accompanying financial statements.

6. Pension Plans

City Judge

Plan Description - The City Court Judge is a member of the Louisiana State Employees' Retirement System (LASERS). LASERS is the administrator of a single-employer defined benefit pension plan and is a component unit of the State of Louisiana and is included in the State's CAFR as a pension trust fund. The financial report may be obtained by writing the Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, LA 70804-4213.

LASERS is one of several public retirement systems in Louisiana. Each has specific membership requirements established by legislation.

Funding Policy. Contribution rates for LASERS are established by Louisiana Revised Statute 11:62. Plan members contribute 11.5% of the annual covered salary and the Court, as the employer, is required to contribute at an actuarially determined rate which is re-set annually. The rate in effect for 2017 was 40.1% of annual covered payroll from January 1, 2017, to December 31, 2017, respectively. Member contributions are deducted from their salary and remitted to LASERS by participating employers. The Court's contribution for 2017 was \$6,539.

Clerks

Plan Description - City of Bogalusa Employees' Retirement System (COBERS) is a single-employer defined benefit pension plan that covers appointive officers and permanent employees of the City. The Court clerks participate in this plan. COBERS provides retirement, disability, and death benefits to plan members and their beneficiaries. COBERS financial statements are included in the basic financial statements of the City of Bogalusa. The financial report may be obtained by writing the City of Bogalusa Employees' Retirement System, Post Office Box 1179, Bogalusa, LA 70429-1179.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the year ended December 31, 2017, the City contributed 11% of covered salaries, or \$11,621.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

8. Changes in Agency Funds

The financial activity of agency funds does not represent revenues and expenditures of the Court, and as such, is not included in the general fund statement of revenues, expenditures, and changes in fund balance. These agency funds are used to account for the assets held by the Court in a fiduciary capacity and consist of cash on deposit for legal cases appearing before the Court that will be disbursed to fund certain costs of the case or returned to the parties involved upon resolution of the related litigation, citations, etc. Each case's balances and activity are accounted for separately but are reported in the aggregate within the Agency Fund Statement of Asset and Liabilities as amounts due litigants and others.

Activity for the year within the amounts due litigants and others account is summarized as follows:

	Civil Fund	Bond Fund	Criminal Fund	Total
Balance as of 12/31/16	\$ 16,830	\$ 14,739	\$ 18,964	\$ 50,533
Collections	96,108	105,394	296,693	498,195
Settlements	(92,075)	(109,657)	(300,710)	(502,442)
Bond forfeitures pending disbursement	-	(7,918)		(7,918)
Transfers to/from other funds	-	-	-	-
Balance as of 12/31/17	<u>\$ 20,863</u>	<u>\$ 2,558</u>	<u>\$ 14,947</u>	<u>\$ 38,368</u>

9. Contingency

On June 21, 2017, a lawsuit was filed against the Court in the matter of Ebony Roberts, Rozzie Scott, Latasha Cook, and Robert Levi vs Robert J. Black, in his individual and official capacities, and Bogalusa City Court, Case 2:16-cv-11024, in the United States Court for the Eastern District of Louisiana. It calls into question some of the fees and costs that are deposited into the Court's judicial expenditure fund. Subsequently, on May 23, 2017, the City Court partially settled the case and will issue a \$50 refund to anyone who paid an extension fee of that amount when they were given additional time to pay fines and court costs on or after June 21, 2015. The court has estimated approximately 165 cases where the extension fee was paid after this date. At December 31, 2016, an estimated liability for this was recorded for \$8,250. During 2017, \$3,400 of these fees were refunded by the Court to litigants. After December 31, 2017, the litigants could not claim a refund of the extension fee. Because of this settlement stipulation, a prior period entry was recorded for \$4,850 to increase net position and reduce the contingent liability to zero. Legal fees for the lawsuit amounted to \$62,746.

10. Fund Deficit

The general fund balance has a negative balance of \$24,378 at December 31, 2017. This is due to the costs associated with the lawsuit as described in *Note 9-Contingency*. The Court as part of a corrective action plan will implement a hiring freeze, acquire no new equipment, and keep expenditures to the Court's basic and legally required needs.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Notes to Financial Statements
As of and for the Year Ended December 31, 2017

11. Subsequent Events

Subsequent events have been evaluated by management through June 20, 2018, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No events were noted that are required recording or disclosure in the financial statements for the fiscal year ending December 31, 2017.

Required Supplemental Information

CITY COURT OF BOGALUSA
(a Component Unit of the City of Bogalusa, Louisiana)

GOVERNMENTAL FUND - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Court fees	\$ 115,000	\$ 144,711	\$ 132,715	\$ (11,996)
Intergovernmental	282,000	273,560	288,137	14,577
Restitution	-	2,896	300	(2,596)
Interest	10	2	1	(1)
	<u>397,010</u>	<u>421,169</u>	<u>421,153</u>	<u>(16)</u>
EXPENDITURES				
Judicial:				
Salaries	281,600	275,567	276,407	(840)
Fringe benefits and payroll taxes	58,000	71,681	81,325	(9,644)
Contract labor	300	710	2,014	(1,304)
Legal and professional	23,270	78,609	73,347	5,262
Bank Fees	730	655	601	54
Continuing education	9,600	846	775	71
Telephone and postage	60		-	-
Travel	9,050	17,911	16,607	1,304
Supplies, repairs and maintenance, miscellaneous	3,500	6,164	2,651	3,513
Dues and subscriptions	4,630	6,355	5,825	530
Meals and entertainment	200	179	164	15
Service Contracts	1,000	1,038	952	86
Probation Fees	3,000	3,000	-	3,000
Capital Outlay	-		-	-
Seminars and conventions	460	818	750	68
	<u>395,400</u>	<u>463,533</u>	<u>461,418</u>	<u>2,115</u>
Excess (deficiency) of revenues	1,610	(42,364)	(40,265)	2,099
Fund balances - beginning	<u>15,887</u>	<u>15,887</u>	<u>15,887</u>	<u>-</u>
Fund balances - ending	<u>\$ 17,497</u>	<u>\$ (26,477)</u>	<u>\$ (24,378)</u>	<u>\$ 2,099</u>

See independent auditor's report.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

**Schedule of Compensation, Benefits, and
Other Payments to Agency Head
As of the Year Ended December 31, 2017**

Agency Head: Honorable Robert J. Black, Judge

Compensation	113,603
Fringe Benefits-Insurance	8,429
Fringe Benefits-Retirement	14,582
Employer Provided Medicare Taxes	1,647
Dues	200
Seminars	1,906
Travel	6,596
Total	<u>146,963</u>

Compensation & fringe benefit includes expenditures paid through the Court and on-behalf payments.
See Note 5 for more detail related to on-behalf payments.

See independent auditor's report.

Minda B. Raybourn

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Member
LCPA

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*

To the Honorable Robert J. Black, Judge
City Court of Bogalusa
Bogalusa, Louisiana

I 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 the City Court of Bogalusa, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City Court of Bogalusa's basic financial statements and have issued my report thereon dated June 20, 2018.

Internal Control over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings (finding 2017-1) and questioned costs that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Bogalusa'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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City Court of Bogalusa's Response to Findings

City Court of Bogalusa's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. City Court of Bogalusa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Minda Raybourn

Franklinton, LA

June 20, 2018

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

Summary of Current Year Audit Findings
For the Year Ended December 31, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	_____ Yes <u> X </u> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes _____ No
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Internal Control Findings

2017-1 Financing Reporting

CRITERIA: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

CONDITION AND CAUSE: As common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Court’s annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with the notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued auditing standards require that I report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

POTENTIAL EFFECT OF CONDITION: The financial reports will not be presented in accordance with generally accepted accounting principles.

RECOMMENDATION: As mentioned in the condition, whether or not it would be cost effective to cure a control deficiency is not a factor in applying auditing standards’ reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under the auditing standards. In this case, I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action necessary.

CLIENT RESPONSE: In response to this finding, the Court feels that is a prudent use of funds to engage the auditor to prepare the Court’s annual financial reports. We therefore agree with the auditor’s recommendation that no corrective action is necessary.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

Summary of Current Year Audit Findings
For the Year Ended December 31, 2017

Summary Status of Prior Year Findings
(For the Year Ended December 31, 2016)

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	<u> X </u> Yes <u> </u> No
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> Yes <u> </u> No
Noncompliance material to financial statements noted?	<u> X </u> Yes <u> </u> No

Internal Control Findings

2016-1

CRITERIA: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

CONDITION AND CAUSE: As common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Court’s annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with the notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued auditing standards require that I report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

POTENTIAL EFFECT OF CONDITION: The financial reports will not be presented in accordance with generally accepted accounting principles.

RECOMMENDATION: As mentioned in the condition, whether or not it would be cost effective to cure a control deficiency is not a factor in applying auditing standards’ reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under the auditing standards. In this case, I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action necessary.

CLIENT RESPONSE: In response to this finding, the Court feels that is a prudent use of funds to engage the auditor to prepare the Court’s annual financial reports. We therefore agree with the auditor’s recommendation that no corrective action is necessary.

STATUS: This finding is an ongoing issue.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

Summary of Current Year Audit Findings
For the Year Ended December 31, 2017

2016-2 Payroll Earnings and Reporting

CRITERIA: Management is responsible for ensuring that all wages earned by employees are properly reflected in the payroll records and have tax liabilities withheld and reported to the appropriate taxing authorities.

CONDITION AND CAUSE: There were three payroll checks to three different court employees totaling \$5,000 that were not run through the Court's payroll system. Taxes were not withheld and reported as required by federal and state payroll tax laws.

POTENTIAL EFFECT OF CONDITION: Violation of various federal and state tax laws.

RECOMMENDATION: The Court should immediately stop circumventing the payroll system when issuing checks for wages to employees. Instead, all payments for wages to employees should be run through the Court's payroll system.

CLIENT RESPONSE: In response to this finding, the Court will agree to the recommendation.

STATUS: This finding has been resolved.

Compliance Finding

2016-3 Local Government Budget Act

CRITERIA: The state local government budget act dictates that actual expenditures cannot exceed budgeted expenditures by more than 5%.

CONDITION AND CAUSE: The Court actual expenditures exceed budgeted expenditures by 14%.

POTENTIAL EFFECT OF CONDITION: Violation of State Law.

RECOMMENDATION: The Court should periodically review interim finance data compared to the budget and amend the budget accordingly.

CLIENT RESPONSE: The Court revised its budget near year-end so that the budget might reflect the revenues and expenditures projected to occur at year's end, as required by the Local Government Budget Act (R.S. 39:1311). It is acknowledged that the expenditure budget exceeded the budgeted amount by more than five percent. However, this was mostly due to legal fees exceeding budgeted amounts by \$27,567 and the accrual of a litigation claims contingency of \$8,250. This was due to the contingency as described in Note 9. However, those expenditures that the Court directly controls fell within five percent of the amended budget.

STATUS: This finding has been resolved.

**INDEPENDENT ACCOUNTANT'S
REPORT ON APPLYING
AGREED-UPON PROCEDURES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 28, 2018

To the Honorable Robert J. Black, Judge
City Court of Bogalusa
Bogalusa, Louisiana

And Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the City Court of Bogalusa (the Court) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

The Court does not have written policies and procedures regarding budgeting.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

The Court has written policies and procedures regarding purchasing. Purchase orders are not used. They do not address how vendors are added to the vendor list or documentation required to be maintained for bids or quotes.

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

The Court has written policies and procedures regarding disbursements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The Court has written policies and procedures regarding receipts.

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

The Court has some policies and procedures on payroll but it does not address all of the areas above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Court does not have written policies and procedures addressing contracts.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

The Court does not use credit cards, debit cards, fuel cards, or P-Cards.

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

The Court does not have written policies and procedures in place for travel and expense reimbursement. It strictly adheres to the travel policies and procedures from the State of Louisiana Supreme Court Judicial Administrator.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

There Court does have some written policies and procedures regarding ethics prohibitions.

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

This is not applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Court does not have a board.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The Court does not have a board. The Judge reviews monthly budget to actual comparisons each month. In order to curb the judicial expenditure fund deficit, the Court plans to curb back on expenses and only do the bare necessary purchases.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

This is not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of client bank accounts and management's representation the listing is complete were obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts. The Judge reviews and initials each bank reconciliation each month.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management has documentation and has reviewed items that have been outstanding for more than 6 months at the end of the fiscal year.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation that the listing is complete were obtained.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The court has a court clerk, a civil clerk, and a criminal clerk. Deposits are taken to the bank by an officer of the Marshal's office. The court clerk records all transactions in the general ledger and reconciles the bank statement. There is one cash drawer which is shared.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is a formal written process to reconcile cash collections to the general ledger by revenue source. The court clerk handles some cash collections and performs the reconciliation process. Because of the Court's small staff and resources, it is not feasible to have another person to handle this function.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day

of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for the one collection location was obtained along with collection documentation, deposit slips, and bank statements. All collections were deposited by the next business day.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

All collections were completely supported by documentation for the location tested.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Court does have written policies or procedures that documents a process to determine completeness of all collections for each revenue source.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

The general ledger was obtained and sorted and filtered for disbursements. Management's representation that the population is complete were obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Court does not use purchase orders.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The Court does not use purchase orders.

- 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.

All payments selected and tested had an approved invoice or receipt of goods purchased. The Court does not use purchase orders.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The court clerk is responsible for processing payments and can add vendors to the Court's accounting system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Judge has final approval on all purchases. He can sign checks dually with the clerk.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry and observations of management indicated that unused check stock is maintained in a locked location.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

The Court does not use signature stamps or a signature machine. Once checks are signed, they are mailed by the court clerk the same day.

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

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

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

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

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials(e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Court does not use credit cards, debit cards, fuel cards, or P-cards.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

The general ledger was sorted and filtered for travel reimbursements. Management's representation that the general ledger is complete were obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Court does not have written policies relating to travel and expense reimbursements. It strictly adheres to guidelines issued by the State of Louisiana Supreme Court Judicial Administrator office. The policies mirror GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

There were no exceptions to this procedure.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There were no exceptions noted as a result of applying this procedure.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There were no exceptions noted as a result of applying this procedure.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no exceptions noted as a result of applying this procedure.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted as a result of applying this procedure.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

The general ledger was obtained and sorted and filtered for contract payments. Management's representation that the general ledger is complete were obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The Court had written contracts that supported the service arrangements and payments.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no exceptions noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no exceptions noted as a result of applying this procedure.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

There were no exceptions to this procedure.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A listing of employees with their related salaries and management's representation that the listing is complete were obtained. The Court had one employee whom resigned. A new employee was hired after that.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no changes to hourly pay rates during the fiscal period.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted.

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

There were no exceptions noted.

- 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.

The Court did maintain complete written documentation of leave records on the selected employees.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No employees were terminated.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Payments to the Louisiana Department of Revenue were submitted late.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

There were no exceptions to this policy.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No new debit was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Court has no debt.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Court receives no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the Court attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Court does have the required notices posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted as a result of applying this procedure.

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

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

Minda Rayburn

Franklinton, LA

June 28, 2018