

City Court of Monroe
Monroe, Louisiana

Basic Financial Statements With Independent Auditors' Report
As of and for the Year Ended April 30, 2018
With Supplemental Information



**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

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**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

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Independent Auditors' Report

City Court of Monroe
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City Court of Monroe'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe as of April 30, 2018, and the respective changes in financial position thereof 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 and budgetary comparison information on pages 4-8 and 23-24 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 the 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 Monroe's basic financial statements. The other supplementary information, Schedule of Compensation, Benefits and Other Payments to Agency Heads, shown on page 29 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Heads is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule 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, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 29 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of City Court of Monroe's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Monroe's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 15, 2018

**CITY COURT OF MONROE
MONROE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

Our discussion and analysis of the City Court of Monroe's (the "City Court") financial performance provides an overview of the City Court's financial activities as of and for the fiscal year ended April 30, 2018. Please read it in conjunction with the City Court's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The City Court's net position decreased by \$78,563 or 5.9 %.

The City Court's total program revenues were \$295,576 in 2018 compared to \$291,021 in 2017.

During the year ended April 30, 2018, the City Court had total expenses, excluding depreciation of \$2,052,300, of which \$1,603,521 was funded by the City of Monroe.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City Court as a whole. Fund financial statements start on page 9. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit of those outside of the City Court. The City Court judges are independently elected officials. However, the City Court is fiscally dependent on the City of Monroe for office space, courtrooms, and related utility costs, as well as substantially all funding of salary and related employee benefit costs. Because the City Court is fiscally dependent on the City of Monroe, the City Court was determined to be a component unit of the City of Monroe. The accompanying financial statements present information only on the funds maintained by the City Court.

Reporting the Funds Maintained by the City Court as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the funds maintained by the Court as a whole begins on page 5. One of the most important questions asked about the City Court's finances is "is the City Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the City Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities (Continued)

These two statements report the City Court's *net position* and changes in them. You can think of the City Court's net position – the difference between assets and liabilities – as one way to measure the City Court's financial health, or *financial position*. Over time, *increases* or *decreases* in the City Court's net position are one indicator of whether its *financial health* is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the City Court as governmental activities:

Governmental activities – all of the expenses paid from the funds maintained by the City Court are reported here which consists primarily of certain materials and supplies, travel, repairs and maintenance and other program services. These represent expenses not paid out of the City of Monroe budget for judicial expenses. Fines, fees for services, and interest income finance most of these activities.

Reporting the Most Significant Funds Maintained by the City Court

Our analysis of the major funds maintained by the City Court begins on page 6. The fund financial statements begin on page 9 and provide detailed information about the most significant funds maintained by the City Court. The City Court's governmental funds use the following accounting approaches:

Governmental funds – All of the City Court's expenses are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain City Court expenses. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation disclosed in the notes to the financial statements.

The City Court as Trustee

The City Court is the trustee, or fiduciary, for its civil division and traffic violation bureau funds. All of the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on page 11. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE FUNDS MAINTAINED BY THE CITY COURT AS A WHOLE

The City Court's total net position changed from a year ago, decreasing from \$1,338,054 to \$1,259,491. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2018 and 2017.

**Table 1
Net Position**

	Governmental Activities		
	2018	2017	Difference
Current assets	\$ 1,152,810	\$ 1,268,071	\$ (115,261)
Capital assets, net of accumulated depreciation	138,256	87,353	50,903
Total assets	1,291,066	1,355,424	(64,358)
Current liabilities	30,934	12,927	18,007
Noncurrent liabilities	641	4,443	(3,802)
Total liabilities	31,575	17,370	14,205
Net position:			
Net investment in capital assets	137,615	82,910	54,705
Unrestricted	1,121,876	1,255,144	(133,268)
Total net position	\$ 1,259,491	\$ 1,338,054	\$ (78,563)

Net position of the funds maintained by the City Court's governmental activities decreased by \$78,563 or 5.9%. Unrestricted net position, the part of net position that can be used to finance City Court expenses without constraints or other legal requirements decreased by \$133,268 from \$1,255,144 at April 30, 2017, to \$1,121,876 at April 30, 2018.

**Table 2
Change in Net Position**

	Governmental Activities		
	2018	2017	Difference
Revenues:			
Program revenues:			
Charges for services, fines, fees, & forfeitures	\$ 295,576	\$ 291,021	\$ 4,555
Grant and interest income	94,091	2,868	91,223
Intergovernmental - City of Monroe	1,603,521	1,536,431	67,090
Total revenues	1,993,188	1,830,320	162,868

**Table 2
Change in Net Position**

	Governmental Activities		Difference
	2018	2017	
Expenses:			
Personal Services and Benefits	1,598,728	1,502,376	96,352
Operating Services	312,708	281,982	30,726
Materials and Supplies	62,141	33,599	28,542
Interest	62	129	(67)
Conferences, CLE, and Mileage	78,661	63,023	15,638
Depreciation	19,451	9,962	9,489
Total Expenses	2,071,751	1,891,071	180,680
Increase(Decrease) in Net Position	\$ (78,563)	\$ (60,751)	\$ (17,812)

For the funds maintained by the City Court, total revenues for 2018 increased by \$162,868 (8.9%) as compared to total revenues in 2017, which was due primarily to receiving a grant from the State of Louisiana Supreme Court in the amount of \$90,623 and an increase in on-behalf payments from the City of Monroe in the amount of \$67,090. For the funds maintained by the City Court, program revenues increased by \$4,555 (1.5%) from program revenue in 2017 of \$291,021 to program revenue of \$295,576 in 2018. The total expenses of the City Court increased by \$180,680 (9.2%). The portion of the expenses paid by the City Court out of its own funds increased by \$113,590 (32%) from \$354,640 to \$468,230 mainly due to cost associated with implementing a new criminal court system.

FUNDS MAINTAINED BY THE CITY COURT

For the funds maintained by the City Court, the governmental funds (as presented on page 9) reported a combined fund balance of \$1,121,877, which is a decrease of \$133,267 from last year. The City Court's unassigned fund balance decreased \$138,672 from 2017 to 2018. Program revenues increased by \$4,555 and the amount of funding provided by the City of Monroe increased by \$67,090, respectively, from the prior year. Expenditures paid out of the City Court's own funds increased by \$127,558 from \$395,376 in 2017 to \$522,934 in 2018.

Budgetary Highlights

For the funds maintained by the City Court, a formal budget in accordance with state law is adopted and amended as deemed to be necessary throughout the year. The budget does not include the amounts budgeted by the City of Monroe for the City Court. Total actual revenues were more than the final budgeted revenues by \$89,817. Unfavorable variances between actual and budgeted revenues occurred mainly in court cost and civil fees along with agency fees and other. The total actual expenditures were more than the total final budgeted expenditures by \$89,061, with only small unfavorable variances in conferences, cla and mileage as well as material and supplies. The large differences noted in total revenues and expenses were due to the classification of grant income as an offset to the expense for budget purposes. Final budgeted revenues decreased \$15,150 from the original budgeted revenues, primarily due to a decrease in court costs and civil fees. Total expenditures per the final budget were more than the total expenditures per the original budget by \$18,873.

CAPITAL ASSETS

At April 30, 2018, the City Court had invested \$554,606 in capital assets from those funds maintained by the City Court. Accumulated depreciation on capital assets totaled \$416,350 at April 30, 2018.

Table 3
Capital Assets
April 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Computer equipment	\$ 386,904	\$ 316,551
Equipment	110,863	110,863
Improvements	45,156	45,156
Furniture	<u>11,683</u>	<u>11,683</u>
Total Depreciable Property	554,606	484,253
Less Accumulated Depreciation	<u>(416,350)</u>	<u>(396,900)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 138,256</u>	<u>\$ 87,353</u>

This year's major capital asset additions included:

Criminal Court System	<u>\$ 63,500</u>
Total	<u>\$ 63,500</u>

More detailed information about the capital assets is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The City Court's elected judges and appointed officials considered many factors when setting the fiscal year 2018 budget. The amount available for appropriation in governmental funds is expected to approximate \$307,500 in 2019, and budgeted expenditures are estimated to be \$462,000. The City Court does not expect to have any material changes in its operations for the fiscal year ending April 30, 2019.

CONTACTING THE CITY COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the City Court and to show the City Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Monroe City Court's office at 600 Calypso Street, Monroe, Louisiana 71201.

Judge Tammy D. Lee
Judge Aisha Clark
Judge Jeff Joyce

**CITY COURT OF MONROE
MONROE, LOUISIANA
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
APRIL 30, 2018**

	<u>General Fund</u>	<u>Adjustments/ Reclassifications - Note 1</u>	<u>Statement of Net Position</u>
ASSETS			
Cash	\$ 1,098,631	\$ -	\$ 1,098,631
Receivables	-	29,947	29,947
Due from fiduciary funds	26,120	(26,120)	-
Due from other governments	3,827	(3,827)	-
Prepaid expenses	24,233	-	24,233
Capital assets, net of accumulated depreciation	-	138,256	138,256
	<u>\$ 1,152,811</u>	<u>\$ 138,256</u>	<u>\$ 1,291,067</u>
LIABILITIES			
Accounts payable	\$ 30,934	\$ -	\$ 30,934
Due to fiduciary fund	-	-	-
Noncurrent liabilities - obligations under capital lease:			
Due within one year	-	641	641
Due in more than one year	-	-	-
	<u>\$ 30,934</u>	<u>\$ 641</u>	<u>\$ 31,575</u>
FUND BALANCE/NET POSITION			
Fund balances:			
Nonspendable:			
Prepaid Expenses	\$ 24,233	\$ (24,233)	\$ -
Unassigned	1,097,644	(1,097,644)	-
Total Fund Balance	<u>1,121,877</u>	<u>(1,121,877)</u>	<u>\$ -</u>
	<u>\$ 1,152,811</u>		
NET POSITION			
Net investment in capital assets		137,615	137,615
Unrestricted		<u>1,255,144</u>	<u>1,121,877</u>
		<u>\$ 1,392,759</u>	<u>\$ 1,259,492</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES/
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018**

	<u>General Fund</u>	<u>Reclassifications - Note 1</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES			
Judiciary - Current:			
Personal services & benefits	\$ 1,598,728	\$ -	\$ 1,598,728
Operating services	312,708	-	312,708
Materials and supplies	32,567	29,573	62,140
Conferences, CLE, and mileage	78,661	-	78,661
Depreciation	-	19,451	19,451
Capital Outlay	99,927	(99,927)	-
Debt Service			
Principal	3,802	(3,802)	-
Interest	62	-	62
Total Expenditures/Expenses	<u>2,126,455</u>	<u>(54,705)</u>	<u>2,071,750</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Court costs	117,551	-	117,551
Civil fees	43,720	-	43,720
Agency Fees	6,101	-	6,101
Probation fees	80,587	-	80,587
Reinstatement fees	1,888	-	1,888
Bond forfeitures	8,824	-	8,824
Other charges for services	36,905	-	36,905
Program Revenues	<u>295,576</u>	<u>-</u>	<u>295,576</u>
Net Program Expense			<u>(1,776,174)</u>
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,603,521	-	1,603,521
Grant Income - State	90,623	-	90,623
Interest income	3,468	-	3,468
Loss on disposition of capital assets	-	-	-
Total General Revenues	<u>1,697,612</u>	<u>-</u>	<u>1,697,612</u>
EXCESS OF REVENUES OVER EXPENDITURES	(133,267)	133,267	-
CHANGE IN NET POSITION		(78,562)	(78,562)
FUND BALANCE/NET POSITION:			
Beginning of the Year	<u>1,255,144</u>	<u>-</u>	<u>1,338,054</u>
End of Year	<u>\$ 1,121,877</u>	<u>\$ -</u>	<u>\$ 1,259,492</u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
APRIL 30, 2018**

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 2,223,326
Accounts receivable	<u>-</u>
Total Assets	<u><u>\$ 2,223,326</u></u>
LIABILITIES	
Liabilities:	
Due to General Fund	\$ 26,120
Unsettled deposits held for others	<u>2,197,206</u>
Total Liabilities	<u><u>\$ 2,223,326</u></u>

The accompanying notes are an integral part of this statement.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

INTRODUCTION

As provided for by Chapter 7 of Title 13 of the Louisiana Revised Statutes, the City Court of Monroe (the "Court") has jurisdiction in all civil matters in the City of Monroe (the "City") including all of Wards 3 and 10 of Ouachita Parish. The criminal jurisdiction of the Court is limited to offenses committed within Wards 3 and 10 of Ouachita Parish and violations of City ordinances that are not required to be tried by jury. The City judges are elected for six-year terms. The current term expires on December 31, 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the City Court of Monroe have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (the "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* (the "Statement"), which was unanimously approved in June 1999 by the Governmental Accounting Standards Board.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For reporting purposes, the City of Monroe, Louisiana (the "City") serves as the financial reporting entity for the City. The financial reporting entity consists of (a) the primary government (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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

B. REPORTING ENTITY (CONTINUED)

- a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Court is fiscally dependent on the City of Monroe for office space, related utility costs, insurance and substantially all salaries and related employee benefit costs. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City of Monroe, the financial reporting entity.

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

C. FUND ACCOUNTING

The Court uses funds to maintain its financial records during the year and to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

Governmental Funds

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

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

C. FUND ACCOUNTING (CONTINUED)

General Fund

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

Fiduciary Funds

Fiduciary funds' reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Court are agency funds. The Court maintains three agency funds: the Judicial Advance Fund, the Special Cost Fund, and the Bond Escrow Fund.

Judicial Fund

The Judicial Fund accounts for advance deposits on civil suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Special Cost Clearing Fund

The Special Cost Clearing Fund accounts for the collection of fines and court costs and the payment of these collections to recipients in accordance with applicable laws.

Bond Escrow Agency Fund

The Bond Escrow Agency Fund accounts for appearance bonds posted by defendants subsequent to arrest and prior to court appearance. The bond posted is refundable to the defendants upon their appearance in court.

These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. In addition, the agency funds are not available to support the Court's operations.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Court costs, civil fees, probation fees, bond forfeitures, and reinstatement fees are recorded in the year in which they are earned.

Interest income on bank deposits is recorded when the interest has been earned and the amount can be determined.

Substantially all other revenues are recognized when received by the Court.

Based on the above criteria, court costs, civil fees, probation fees, bond forfeitures, reinstatement fees, and interest income have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (CONTINUED)

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from the City Court of Monroe's users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

General Revenues - General revenues included in the column labeled Statement of Activities (Schedule B) are derived from on-behalf payments from the City of Monroe, interest income, and from other sources not considered program revenues. General revenues finance the remaining balance of functions not covered by Program revenues.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Statement B	
Capitalization of Capital Assets	\$ 70,353
Principal Payments on Capital Lease	3,802
Recording of Depreciation Expense	(19,451)
	\$ 54,704
Statement A	
Recording of Capital Lease Debt	\$ (641)
Capital Assets, Net of Accumulated Depreciation	138,256
	\$ 137,615

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

E. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position, and the related depreciation expense is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Computer Equipment and Software	3 – 10 years
Equipment	5 – 10 years
Furniture and Fixtures	5 – 10 years

F. GOVERNMENTAL FUND BALANCES

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds. In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Court – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Court removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

F. GOVERNMENTAL FUND BALANCES (CONTINUED)

Assigned Fund Balance – This classification reflects the amounts constrained by the Court’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

G. USE OF RESTRICTED RESOURCES

When an expense 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 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.

H. 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.

I. RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. The Court maintains professional liability coverage on the Clerk to manage its exposure to fraud, illegal acts and errors and omissions. The City of Monroe provides the remainder of insurance coverage. No claims were paid on any of the policies during the past three years that exceeded the policies’ coverage amounts.

2. DEPOSITS AND CUSTODIAL CREDIT RISK

Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state, or the laws of the United States. The Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. Cash includes cash on hand, demand deposits, and

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

DEPOSITS AND CUSTODIAL CREDIT RISK (CONTINUED)

interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. 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. At April 30, 2018, the Court had cash (book balances) of \$3,321,957, of which \$3,321,457 was in bank accounts and \$500 in petty cash. These amounts are stated at cost, which approximates market.

The Court's deposits (bank balances) totalled \$3,346,660 at April 30, 2018. Under state law, these deposits, or the resulting bank balances, must be collateralized by Federal deposit insurance or the pledge of securities. 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. Also, 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 Court that the fiscal agent bank has failed to pay deposited funds upon demand. At April 30, 2018, these deposits were collateralized in full.

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. As of April 30, 2018, none of the Court's deposits were exposed to custodial credit risk.

3. RECEIVABLES

The receivables, as reported in the Statement of Net position at April 30, 2018, are summarized as follows:

Class of Receivable	General Fund
Fees, Charges, and Commissions - Due from Fiduciary Funds	\$ 26,120
Due from others	-
Due from other governmental entities	<u>3,827</u>
Total	<u>\$ 29,947</u>

The Court utilizes the direct write-off method for recording uncollectible accounts receivable. The use of this method produces results that are not materially different from utilization of the allowance method of recording bad debts.

4. ACCOUNTS PAYABLE

Accounts payable of \$30,934, as reported in the Statement of Net position at April 30, 2018, was comprised of operating trade payables.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

5. DUE FROM/TO OTHER FUNDS

Individual balances due from/due to other funds as reported in the fund financial statements at April 30, 2018, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 26,120	\$ -
Special Cost Clearing Fund	-	16,976
Judicial Fund	-	9,144
Totals	<u>\$ 26,120</u>	<u>\$ 26,120</u>

The balance due to the general fund resulted from fees, charges, and other court costs collected by the fiduciary (agency) funds on behalf of the general fund.

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended April 30, 2018, are as follows:

<u>Governmental Activities</u>	<u>April 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2018</u>
Computer equipment & software	\$ 316,551	\$ 70,353	\$ -	\$ 386,904
Equipment	110,863	-	-	110,863
Furniture	45,156	-	-	45,156
Improvements	11,683	-	-	11,683
Total	<u>484,253</u>	<u>70,353</u>	<u>-</u>	<u>554,606</u>
Less Accumulated depreciation:				
Computer equipment & software	253,623	13,585	-	267,208
Equipment	86,438	5,865	-	92,303
Furniture	45,156	-	-	45,156
Improvements	11,683	-	-	11,683
Total	<u>396,900</u>	<u>19,450</u>	<u>-</u>	<u>416,350</u>
Capital Assets, Net	<u>\$ 87,353</u>	<u>\$ 50,903</u>	<u>\$ -</u>	<u>\$ 138,256</u>

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

**7. CHANGES IN AGENCY FUNDS –
UNSETTLED DEPOSITS HELD FOR OTHERS**

A summary of changes in agency fund deposits due others for the year ended April 30, 2018, is as follows:

	<u>Judicial</u>	<u>Special Cost</u>	<u>Bond Escrow</u>	<u>Total</u>
Balance at April 30, 2017	\$ 1,487,567	\$ 110,937	\$ 432,711	\$ 2,031,215
Additions	698,751	1,281,504	92,898	2,073,153
Reductions	<u>(531,844)</u>	<u>(1,297,810)</u>	<u>(51,388)</u>	<u>(1,881,042)</u>
Balance at April 30, 2018	<u>\$ 1,654,474</u>	<u>\$ 94,631</u>	<u>\$ 474,221</u>	<u>\$ 2,223,326</u>

8. LEASES

The Court leases equipment under lease agreements which are maintained and paid by the City of Monroe. The total lease expense under such arrangement with the City totaled \$7,984 for the year ended April 30, 2018. Payments due on a copier capital lease are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2019	\$ 641
2020	-
2021	-
2022	-
Total	<u>\$ 641</u>

9. ON-BEHALF PAYMENTS

The City of Monroe provides a substantial amount of fiscal support to the Court for its operations. The City of Monroe made on-behalf payments of \$1,603,521 for the Court for the year ended April 30, 2018, as follows:

Salaries (including sick pay and vacation pay)	\$ 1,024,565
Fringe Benefits	466,496
Operating expenses	112,460
Total	<u>\$ 1,603,521</u>

The City of Monroe makes contributions to the Municipal Employees' Retirement System of Louisiana on behalf of the employees of the City Court of Monroe.

**CITY COURT OF MONROE
MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2018**

10. SUBSEQUENT EVENTS

The Monroe City Court has evaluated events through October 15, 2018, the date which the financial statements were available for issue. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

**CITY COURT OF MONROE
MONROE, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2018**

	Budgeted Amounts		Actual Revenues & Expenditures	Variance With Final Budget Over (Under)
	Original	Final		
REVENUES				
Program revenues:				
Court costs and civil fees	\$ 182,500	\$ 162,750	\$ 161,271	\$ (1,479)
Agency fees	5,000	11,000	6,101	(4,899)
Probation fees	79,000	78,500	80,587	2,087
Reinstatement fees	1,000	1,500	1,888	388
Bond forfeitures	6,000	5,500	8,824	3,324
Other charges for services	38,500	37,100	36,905	(195)
General revenues:				
Grant Income	-	-	90,623	90,623
Interest income	3,000	3,500	3,468	(32)
Total revenues	315,000	299,850	389,667	89,817
EXPENDITURES				
Judiciary - Current:				
Personal services & benefits	76,000	109,000	107,847	(1,153)
Operating services	215,250	227,123	223,428	(3,695)
Materials and supplies	14,750	10,500	13,071	2,571
Conferences, CLA & mileage	59,000	77,250	78,661	1,411
Capital Outlay	50,000	10,000	99,927	89,927
Debt Service	-	-	-	-
Total expenditures	415,000	433,873	522,934	89,061
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(100,000)	(134,023)	(133,267)	756
FUND BALANCE AT BEGINNING OF YEAR	1,255,144	1,255,144	1,255,144	-
FUND BALANCE AT END OF YEAR	\$ 1,155,144	\$ 1,121,121	\$ 1,121,877	\$ 756

See accompanying notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP) Basis and Actual.

NOTE 1 – BUDGETARY POLICIES

The proposed budget for the General Fund is prepared on the modified accrual basis of accounting. The budget is then legally adopted by the judges and amended during the year, as necessary. The budget is established and controlled by the judges at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. The budget adopted by the Court does not include the Court's expenditures budgeted annually by the City of Monroe.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying schedule include the original adopted budget amount and the final amended budget.

During the year ending April 30, 2018, the Monroe City Court received a grant from the Louisiana Supreme Court to cover the costs of a new case management system. For budget purposes, the amount of the grant received was recorded as an offset to capital outlay but reported separately for financial reporting purposes.

**Independent Auditors' Report Required
by *Government Auditing Standards***

The following independent auditors' report on compliance and internal control is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

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West Monroe, LA 71294-2474

Phone (318) 323-1717

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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*

City Court of Monroe
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Monroe, a component unit of the City of Monroe, Louisiana, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City Court of Monroe's basic financial statements and have issued our report thereon dated October 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City Court of Monroe's internal control over financial reporting (internal control) to determine the auditing 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 Monroe's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Court of Monroe'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court of Monroe's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 15, 2018

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
Schedule of Findings and Responses
As of and For the Year Ended April 30, 2018**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X no

Noncompliance material to financial statements noted? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings were noted.

**CITY COURT OF MONROE
CITY OF MONROE, LOUISIANA
Summary Schedule of Prior Audit Findings
As of and For the Year Ended April 30, 2018**

No prior findings for the year ended April 30, 2017.

**CITY COURT OF MONROE
MONROE, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEADS
FOR THE YEAR ENDING APRIL 30, 2018**

	<u>Agency Heads</u>		
	<u>Judge Tammy D. Lee</u>	<u>Judge Jefferson B. Joyce</u>	<u>Judge Aisha S. Clark</u>
<u>Section I</u>			
<u>Paid by the City of Monroe, Louisiana</u>			
Salary	\$ 78,553	\$ 78,553	\$ 78,553
Benefits - Insurance	12,051	-	-
Benefits - Retirement	32,520	27,547	26,954
<u>Paid by City Court of Monroe</u>			
Per Diem & Mileage	4,951	3,885	4,117
Registration Fees	2,115	2,780	2,085
<u>Section II</u>			
<u>Paid by Ouachita Parish Police Jury</u>			
Salary	<u>9,828</u>	<u>9,828</u>	<u>9,828</u>
	<u>\$ 140,018</u>	<u>\$ 122,593</u>	<u>\$ 121,537</u>

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Monroe City Court and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Monroe City Court (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 May 1, 2017 through April 30, 2018. The Court's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Court's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Court's operations):¹
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.

¹ For governmental organization, the practitioner may eliminate those categories and subcategories that do not apply to the organization's operations. For quasi-public organizations, including non-profits, the practitioner may eliminate those categories and subcategories that do not apply to public funds administered by the quasi-public.

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics²**, 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 Court's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: Eleven exceptions noted where the written policies and procedures of the Court did not contain the detailed requirements of the Louisiana Legislative Auditor listed above.

Board or Finance Committee³

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-

² The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the non-profit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as sheriff or assessor.

to-actual comparisons, if budgeted) for major proprietary funds.⁴ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Court's collections during the fiscal period.*

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings: The Court operates without a board or finance committee. Therefore, this step is not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Court's main operating account. Select the Court's main operating account and randomly select 4 additional accounts⁵ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings: Five exceptions noted where the bank reconciliations did not include evidence that a member of management who does not handle cash, post ledgers, or issue checks have reviewed each bank reconciliation.

Collections

⁴ Major funds are defined under GASB standards. The related procedure addresses major funds as a way to verify that boards are provided with financial information necessary to make informed decisions about significant THE COURT operations, including proprietary operations that are not required to be budgeted under the LGBA.

⁵ Accounts selected may exclude savings and investment accounts that are not part of the THE COURT's daily business operations.

4. Obtain a listing of deposit sites⁶ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings: We obtained the listing and management's representation.

5. For each deposit site selected, obtain a listing of collection locations⁷ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings: No exceptions noted.

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

Findings: No employees who have access to cash are covered by a bond or insurance policy for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day)⁸. *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.

⁶ A deposit site is a physical location where a deposit is prepared and reconciled.

⁷ A collection location is a physical location where cash is collected. An THE COURT may have one or more collection locations whose collections are brought to a deposit site for deposit.

⁸ If "bank reconciliations" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for bank reconciliations.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Findings: Three exceptions noted where the deposit was not made within one business day of receipt at the collection location.

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

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Findings: We obtained the listing and management's representation.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings: No exceptions noted.

- 10. For each location selected under #8 above, obtain the Court's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings: No exceptions noted.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

Findings: We obtained the listing and management's representation of this.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings: No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings: No exceptions noted.

Travel and Travel-Related Expense Reimbursements⁹ (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law¹⁰ (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

⁹ Non-travel reimbursements are not required to be tested under this category.

¹⁰ If the THE COURT has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

Findings: No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings: All employees of the Court are paid by the City of Monroe. All employees of the Court are included in the population to be tested in the statewide agreed procedures of the City of Monroe.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the Court's cumulative leave records.

Findings: All employees of the Court have attendance records and leave documentation maintained by the City of Monroe. All employees of the Court are included in the population to be tested in the statewide agreed procedures of the City of Monroe.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Findings: All termination payments, if any, for employees of the Court are handled by the City of Monroe. All employees of the Court are included in the population to be tested in the statewide agreed procedures of the City of Monroe.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings: The Court did not pay any wages or salaries to anyone during the fiscal period. Therefore, there were no taxes or insurance premiums to be paid. We obtained management's representation of this.

Ethics¹¹

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above¹², obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Court's ethics policy during the fiscal period.

Findings: All employees of the Court have documentation of ethics training maintained by the City of Monroe. All employees of the Court are included in the population to be tested in the statewide agreed procedures of the City of Monroe.

Debt Service¹³

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Findings: The Court did not issue any bonds/notes during the fiscal period. This testing is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings: The Court does not have any outstanding debt. This testing is not applicable.

Other

¹¹ The Louisiana Code of Ethics is generally not applicable to non-profit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a non-profit, the procedures should be performed.

¹² If "payroll and personnel" have been rotated off for Year 2, the practitioner should insert a procedure with the same selection methodology that would have been used for payroll and personnel.

¹³ This AUP category is generally not applicable to non-profit entities; however, if applicable, the procedures should be performed.

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Court reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Court is domiciled.

Findings: The Court did not have any misappropriations of public funds and assets during the fiscal period. This testing is not applicable.

24. Observe that the Court has posted on its premises¹⁴ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.¹⁵

Findings: One exception noted where the Court did not have posted on its website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

Management's Response

We concur with the results of the procedures and are working diligently to improve controls.

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

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

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
October 15, 2018

¹⁴ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

¹⁵ This notice is available for download or print at www.la.gov/hotline.