

**City Court of Monroe**  
**Monroe, Louisiana**

*Basic Financial Statements With Independent Auditors' Report  
As of and for the Year Ended April 30, 2019  
With Supplemental Information*

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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, 2019**

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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, 2019**

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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, 2019, 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, 2019, 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, 2019, 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, 2019

***Management's Discussion and Analysis***

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**CITY COURT OF MONROE  
MONROE, LOUISIANA  
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

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, 2019. 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 \$171,185 or 13.6%.

The City Court’s total program revenues were \$270,002 in 2019 compared to \$295,576 in 2018.

During the year ended April 30, 2019, the City Court had total expenses, excluding depreciation of \$1,897,490, of which \$1,479,130 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 \$1,259,492 to \$1,088,307. Our analysis below will focus on key elements of the total governmental funds for the years ended April 30, 2019 and 2018.

**Table 1  
Net Position**

	Governmental Activities		
	2019	2018	Difference
Current assets	\$ 991,830	\$ 1,152,811	\$ (160,981)
Capital assets, net of accumulated depreciation	118,709	138,256	(19,547)
Total assets	1,110,539	1,291,067	(180,528)
Current liabilities	22,232	30,934	(8,702)
Noncurrent liabilities	-	641	(641)
Total liabilities	22,232	31,575	(9,343)
Net position:			
Net investment in capital assets	118,709	137,615	(18,906)
Unrestricted	969,598	1,121,877	(152,279)
Total net position	\$ 1,088,307	\$ 1,259,492	\$ (171,185)

Net position of the funds maintained by the City Court’s governmental activities decreased by \$171,185 or 13.6%. 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 \$152,279 from \$1,121,877 at April 30, 2018, to \$969,598 at April 30, 2019.

**Table 2  
Change in Net Position**

	Governmental Activities		
	2019	2018	Difference
Revenues:			
Program revenues:			
Charges for services, fines, fees, & forfeitures	\$ 270,002	\$ 295,576	\$ (25,574)
Grant and interest income	4,182	94,091	(89,909)
Intergovernmental - City of Monroe	1,479,130	1,603,521	(124,391)
Total revenues	1,753,314	1,993,188	(239,874)

**Table 2  
Change in Net Position**

	Governmental Activities		Difference
	2019	2018	
<b>Expenses:</b>			
Personal Services and Benefits	1,505,359	1,598,728	(93,369)
Operating Services	302,452	312,708	(10,256)
Materials and Supplies	31,034	62,141	(31,107)
Interest	-	62	(62)
Conferences, CLE, and Mileage	58,645	78,661	(20,016)
Depreciation	27,009	19,451	7,558
Total Expenses	<u>1,924,499</u>	<u>2,071,751</u>	<u>(147,252)</u>
Increase(Decrease) in Net Position	<u>\$ (171,185)</u>	<u>\$ (78,563)</u>	<u>\$ (92,622)</u>

For the funds maintained by the City Court, total revenues for 2019 decreased by \$239,874 (12%) as compared to total revenues in 2018, which was due primarily to receiving a grant from the State of Louisiana Supreme Court in the amount of \$90,623 in 2018 and a decrease in on-behalf payments from the City of Monroe in the amount of \$124,391. For the funds maintained by the City Court, program revenues decreased by \$25,574 (8.6%) from program revenue in 2018 of \$295,576 to program revenue of \$270,002 in 2019. The total expenses of the City Court decreased by \$147,252 (7.1%). The portion of the expenses paid by the City Court out of its own funds decreased by \$22,861 (5%) from \$468,230 to \$445,369 mainly due to travel and library decreases.

#### **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 \$969,598, which is a decrease of \$152,279 from last year. The City Court's unassigned fund balance decreased \$152,370 from 2018 to 2019. Program revenues decreased by \$25,574 and the amount of funding provided by the City of Monroe decreased by \$124,391, respectively, from the prior year. Expenditures paid out of the City Court's own funds decreased by \$96,471 from \$522,934 in 2018 to \$426,463 in 2019.

#### ***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 \$84. Unfavorable variances between actual and budgeted revenues occurred mainly in bond forfeitures, agency fees and other. The total actual expenditures were more than the total final budgeted expenditures by \$3,333, with only a small unfavorable variances in personal services and operating services. Final budgeted revenues decreased \$33,400 from the original budgeted revenues, primarily due to a decrease in court costs and civil fees and probation fees. Total expenditures per the final budget were less than the total expenditures per the original budget by \$38,870.

**CAPITAL ASSETS**

At April 30, 2019, the City Court had invested \$562,068 in capital assets from those funds maintained by the City Court. Accumulated depreciation on capital assets totaled \$443,359 at April 30, 2019.

**Table 3  
Capital Assets  
April 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 386,904	\$ 386,904
Equipment	118,325	110,863
Improvements	45,156	45,156
Furniture	<u>11,683</u>	<u>11,683</u>
Total Depreciable Property	562,068	554,606
Less Accumulated Depreciation	<u>(443,359)</u>	<u>(416,350)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$ 118,709</u>	<u>\$ 138,256</u>

This year’s major capital asset additions included:

Copier	<u>\$ 7,462</u>
Total	<u>\$ 7,462</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 2019 budget. The amount available for appropriation in governmental funds is expected to approximate \$271,000 in 2020, and budgeted expenditures are estimated to be \$452,830. The City Court does not expect to have any material changes in its operations for the fiscal year ending April 30, 2020.

**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



*Basic Financial Statements*

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**CITY COURT OF MONROE  
MONROE, LOUISIANA  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION  
APRIL 30, 2019**

	General Fund	Adjustments/ Reclassifications - Note 1	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 940,579	\$ -	\$ 940,579
Receivables	-	26,927	26,927
Due from fiduciary funds	26,514	(26,514)	-
Due from other governments	413	(413)	-
Prepaid expenses	24,324	-	24,324
Capital assets, net of accumulated depreciation	-	118,709	118,709
<b>Total Assets</b>	<b>\$ 991,830</b>	<b>\$ 118,709</b>	<b>\$ 1,110,539</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 22,232	\$ -	\$ 22,232
Due to fiduciary fund	-	-	-
Noncurrent liabilities - obligations under capital lease:			
Due within one year	-	-	-
Due in more than one year	-	-	-
<b>Total Liabilities</b>	<b>\$ 22,232</b>	<b>\$ -</b>	<b>\$ 22,232</b>
<b>FUND BALANCE/NET POSITION</b>			
Fund balances:			
Nonspendable:			
Prepaid Expenses	\$ 24,324	\$ (24,324)	\$ -
Unassigned	945,274	(945,274)	-
<b>Total Fund Balance</b>	<b>969,598</b>	<b>(969,598)</b>	<b>\$ -</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 991,830</b>		
<b>NET POSITION</b>			
Net investment in capital assets		118,709	118,709
Unrestricted		1,255,144	969,598
<b>Total Net Position</b>		<b>\$ 1,373,853</b>	<b>\$ 1,088,307</b>

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, 2019**

	General Fund	Reclassifications - Note 1	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Judiciary - Current:			
Personal services & benefits	\$ 1,505,359	\$ -	\$ 1,505,359
Operating services	302,452	-	302,452
Materials and supplies	30,045	989	31,034
Conferences, CLE, and mileage	58,645	-	58,645
Depreciation	-	27,009	27,009
Capital Outlay	8,451	(8,451)	-
Debt Service			
Principal	641	(641)	-
Interest	-	-	-
Total Expenditures/Expenses	<u>1,905,593</u>	<u>18,906</u>	<u>1,924,499</u>
<b>PROGRAM REVENUES</b>			
Fees, charges, and court costs:			
Court costs	106,939	-	106,939
Civil fees	46,400	-	46,400
Agency Fees	5,911	-	5,911
Probation fees	59,105	-	59,105
Reinstatement fees	4,475	-	4,475
Bond forfeitures	10,305	-	10,305
Other charges for services	36,867	-	36,867
Program Revenues	<u>270,002</u>	<u>-</u>	<u>270,002</u>
Net Program Expense			<u>(1,654,497)</u>
<b>GENERAL REVENUES</b>			
Intergovernmental - City of Monroe	1,479,130	-	1,479,130
Grant Income - State	-	-	-
Interest income	4,182	-	4,182
Loss on disposition of capital assets	-	-	-
Total General Revenues	<u>1,483,312</u>	<u>-</u>	<u>1,483,312</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	(152,279)	152,279	-
<b>CHANGE IN NET POSITION</b>			
		(171,185)	(171,185)
<b>FUND BALANCE/NET POSITION:</b>			
Beginning of the Year	<u>1,121,877</u>		<u>1,259,492</u>
End of Year	<u>\$ 969,598</u>	<u>\$ -</u>	<u>\$ 1,088,307</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, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 2,375,962
Accounts receivable	<u>-</u>
Total Assets	<u><u>\$ 2,375,962</u></u>
<b>LIABILITIES</b>	
Liabilities:	
Due to General Fund	\$ 26,514
Unsettled deposits held for others	<u>2,349,448</u>
Total Liabilities	<u><u>\$ 2,375,962</u></u>

The accompanying notes are an integral part of this statement.

*Notes to the Financial Statements*

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**CITY COURT OF MONROE  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

**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:

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

**B. REPORTING ENTITY (CONTINUED)**

1. Appointing a voting majority of an organization's governing body, and:
  - 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, 2019**

**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, 2019**

**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, 2019**

**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	\$ 7,462
Principal Payments on Capital Lease	641
Recording of Depreciation Expense	(27,009)
Net Effects of Changes	\$(18,906)
Statement A	
Recording of Capital Lease Debt	\$ -
Capital Assets, Net of Accumulated Depreciation	118,709
Net Effect of Changes	\$ 118,709

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

**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, 2019**

**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, 2019**

**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, 2019, the Court had cash (book balances) of \$3,316,541, of which \$3,316,041 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 \$3,401,626 at April 30, 2019. 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, 2019, 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, 2019, 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, 2019, are summarized as follows:

Class of Receivable	General Fund
Fees, Charges, and Commissions - Due from Fiduciary Funds	\$ 26,514
Due from others	-
Due from other governmental entities	413
Total	\$ 26,927

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 \$22,232, as reported in the Statement of Net position at April 30, 2019, 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, 2019**

**5. DUE FROM/TO OTHER FUNDS**

Individual balances due from/due to other funds as reported in the fund financial statements at April 30, 2019, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 26,514	\$ -
Special Cost Clearing Fund	-	16,764
Judicial Fund	-	9,750
Totals	<u>\$ 26,514</u>	<u>\$ 26,514</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, 2019, are as follows:

	<u>April 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2019</u>
<b>Governmental Activities</b>				
Computer equipment & software	\$ 386,904	\$ -	\$ -	\$ 386,904
Equipment	110,863	7,462	-	118,325
Furniture	45,156	-	-	45,156
Improvements	11,683	-	-	11,683
Total	<u>554,606</u>	<u>7,462</u>	<u>-</u>	<u>562,068</u>
Less Accumulated depreciation:				
Computer equipment & software	267,208	21,774	-	288,982
Equipment	92,303	5,235	-	97,538
Furniture	45,156	-	-	45,156
Improvements	11,683	-	-	11,683
Total	<u>416,350</u>	<u>27,009</u>	<u>-</u>	<u>443,359</u>
Capital Assets, Net	<u>\$ 138,256</u>	<u>\$ (19,547)</u>	<u>\$ -</u>	<u>\$ 118,709</u>

**CITY COURT OF MONROE  
MONROE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED APRIL 30, 2019**

**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, 2019, is as follows:

	<u>Judicial</u>	<u>Special Cost</u>	<u>Bond Escrow</u>	<u>Total</u>
Balance at April 30, 2018	\$ 1,654,474	\$ 94,631	\$ 474,221	\$ 2,223,326
Additions	939,240	1,143,045	86,700	2,168,985
Reductions	<u>(849,591)</u>	<u>(1,111,810)</u>	<u>(54,948)</u>	<u>(2,016,349)</u>
Balance at April 30, 2019	<u>\$ 1,744,123</u>	<u>\$ 125,866</u>	<u>\$ 505,973</u>	<u>\$ 2,375,962</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 \$7,429 for the year ended April 30, 2019.

**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 \$1,479,130 for the Court for the year ended April 30, 2019, as follows:

Salaries (including sick pay and vacation pay)	\$ 895,442
Fringe Benefits	479,653
Operating expenses	104,035
Total	<u>\$ 1,479,130</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, 2019**

**10. SUBSEQUENT EVENTS**

The Monroe City Court has evaluated events through October 15, 2019, 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.



***Required Supplemental Information***

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**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, 2019**

	Budgeted Amounts		Actual Revenues & Expenditures	Variance With Final Budget Over (Under)
	Original	Final		
<b>REVENUES</b>				
Program revenues:				
Court costs and civil fees	\$ 165,000	\$ 153,000	\$ 153,339	\$ 339
Agency fees	11,000	6,500	5,911	(589)
Probation fees	80,000	59,000	59,105	105
Reinstatement fees	1,500	4,500	4,475	(25)
Bond forfeitures	5,500	10,500	10,305	(195)
Other charges for services	41,000	37,100	36,867	(233)
General revenues:				
Grant Income	-	-	-	-
Interest income	3,500	3,500	4,182	682
Total revenues	<u>307,500</u>	<u>274,100</u>	<u>274,184</u>	<u>84</u>
<b>EXPENDITURES</b>				
Judiciary - Current:				
Personal services & benefits	129,000	126,700	130,264	3,564
Operating services	233,450	215,330	218,532	3,202
Materials and supplies	13,250	11,500	11,322	(178)
Conferences, CLA & mileage	76,300	61,100	57,894	(3,206)
Capital Outlay	10,000	8,500	8,451	(49)
Debt Service	-	-	-	-
Total expenditures	<u>462,000</u>	<u>423,130</u>	<u>426,463</u>	<u>3,333</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(154,500)	(149,030)	(152,279)	(3,249)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,121,877</u>	<u>1,121,877</u>	<u>1,121,877</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 967,377</u>	<u>\$ 972,847</u>	<u>\$ 969,598</u>	<u>\$ (3,249)</u>

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.

**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.

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# CAMERON, HINES & COMPANY

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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, 2019, 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, 2019.

## **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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 19-01.

### **City Court of Monroe's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not 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, 2019

**CITY COURT OF MONROE  
CITY OF MONROE, LOUISIANA  
Schedule of Findings and Responses  
As of and For the Year Ended April 30, 2019**

**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?   X   yes        no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**19-01 Outstanding Bonds**

Condition:

It was noted that a large amount of bonds are being held by the Court that are greater than three years old.

Criteria:

State law (RS 15:86.3) requires that any outstanding bonds held by the Court for cases that have been discharged and remain unclaimed for more the three years, must be remitted to either the treasurer of the governing authority of the parish where the court is located or with the chief financial officer of the city where the court is located, depending on whether a state law or city ordinance was violated.

Cause:

The Court has not remitted these old bonds to the City of Monroe but instead has continued to maintain them in the cash bond bank account.

Potential Effect:

The Court cash bond account could be holding excess funds that could be used at the City of Monroe.

Recommendation:

The Court should review the outstanding bond listing to determine which bonds are being held for cases that have been discharged and have been remained unclaimed for more than three years and issue a check, with a listing of the bonds being remitted, to the City of Monroe.

Response:

The Court has begun to review the outstanding bond listing to determine which ones should be sent to the City of Monroe. Upon determination of the amount to be sent, the Court will issue a check along with the listing of bonds being remitted to the City.

**CITY COURT OF MONROE  
CITY OF MONROE, LOUISIANA  
Summary Schedule of Prior Audit Findings  
As of and For the Year Ended April 30, 2019**

No prior findings for the year ended April 30, 2018.



**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, 2019**

	Agency Heads		
	Judge Tammy D. Lee	Judge Jefferson B. Joyce	Judge Aisha S. Clark
<b><u>Section I</u></b>			
<b><u>Paid by the City of Monroe, Louisiana</u></b>			
Salary	\$ 85,137	\$ 85,137	\$ 85,137
Benefits - Insurance	11,377	-	-
Benefits - Retirement	34,140	34,140	33,204
<b><u>Paid by City Court of Monroe</u></b>			
Per Diem & Mileage	3,363	2,813	2,506
Registration Fees	1,700	1,470	1,545
<b><u>Section II</u></b>			
<b><u>Paid by Ouachita Parish Police Jury</u></b>			
Salary	9,828	9,828	9,828
	<u>\$ 145,545</u>	<u>\$ 133,388</u>	<u>\$ 132,220</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, 2018 through April 30, 2019. 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):<sup>1</sup>
  - 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.

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<sup>1</sup> 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) **Ethics<sup>2</sup>**, 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.

### ***Bank Reconciliations***

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- 2. 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 accounts<sup>3</sup> (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);

---

<sup>2</sup> 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.

<sup>3</sup> Accounts selected may exclude savings and investment accounts that are not part of the THE COURT's daily business operations.

- 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:** No exceptions noted.

### ***Collections***

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- 3. Obtain a listing of deposit sites<sup>4</sup> 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.

- 4. For each deposit site selected, obtain a listing of collection locations<sup>5</sup> 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.

- 5. 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.

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<sup>4</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>5</sup> 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.

6. 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)<sup>6</sup>. *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.
  - 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:** Two exceptions noted where the deposit was not made within one business day of receipt at the collection location.

### ***Other***

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7. 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.

8. Observe that the Court has posted on its premises<sup>7</sup> and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.<sup>8</sup>

**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

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<sup>6</sup> 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.

<sup>7</sup> Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs.

<sup>8</sup> This notice is available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline).

***Management's Response***

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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, 2019