

**CITY COURT OF THE CITY OF FRANKLIN**  
Franklin, Louisiana

Financial Report

Year Ended June 30, 2021

## TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1-2
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of net position	5
Statement of activities	6
Fund Financial Statements	
Governmental fund:	
Balance sheet	8-9
Statement of revenues, expenditures, and changes in fund balance	10-11
Statement of fiduciary net position	12
Statement of changes in fiduciary net position	13
Notes to financial statements	14-30
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	32
Schedule of employer's share of net pension liability	33
Schedule of employer contributions	34
Notes to required supplementary information	35-36
SUPPLEMENTARY INFORMATION	
Justice System Funding Schedule - Collecting/Disbursing Entity	38
REQUIREMENTS OF THE <i>LOUISIANA GOVERNMENTAL AUDIT GUIDE</i>	
Independent accountant's report on applying agreed-upon procedures	40-41
Summary schedule of prior findings	43
Schedule of findings	44
Louisiana attestation questionnaire	Exhibit A

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA\* - retired 2020

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KSRCPAS.COM

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Honorable Marsha McNulty, Judge  
City Court of the City of Franklin  
Franklin, Louisiana

### Report on the Financial Statements

We have reviewed the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of City Court of the City of Franklin (hereinafter "City Court"), a component unit of the City of Franklin, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City Court's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of City Court. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### Management's Responsibilities for the Financial Statements

The management of City Court 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.

### Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be 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 certain information be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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. Such information is the responsibility of management. We have not audited or reviewed the budgetary comparison schedule on pages 32, schedule of employer's share of net pension liability on page 33, schedule of employer contributions on page 34, or notes to required supplementary information on pages 35-36 and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

### *Supplementary Information*

The justice system funding schedule included on page 38 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of City Court's management and is derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The schedule has been subjected to our review procedures applied in the review of the basic financial statements. We are not aware of any material modifications that should be made to the schedule. We have not audited the schedule and do not express an opinion on it.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 17, 2021

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Net Position  
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 21,855
Noncurrent assets:	
Capital assets, net	<u>18,379</u>
Total assets	<u>40,234</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	<u>50,050</u>
LIABILITIES	
Noncurrent liabilities:	
Net pension liability	<u>158,383</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	<u>1,521</u>
NET POSITION	
Net investment in capital assets	18,379
Unrestricted	<u>(87,999)</u>
Total net position	<u>\$ (69,620)</u>

*See accompanying notes and independent accountant's review report.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Activities  
Year Ended June 30, 2021

Activities	Expenses	Program Revenues		Net (Expense)/Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 352,249</u>	<u>\$ 68,320</u>	<u>\$ 263,520</u>	\$ (20,409)
General revenues:				
Interest and investment earnings				<u>17</u>
Change in net position				(20,392)
Net position, as restated - July 1, 2020				<u>(49,228)</u>
Net position - June 30, 2021				<u>\$ (69,620)</u>

*See accompanying notes and independent accountant's review report.*



**FUND FINANCIAL STATEMENTS**

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Balance Sheet  
Governmental Fund  
June 30, 2021

	<u>General Fund</u>
ASSETS	
Cash and interest bearing deposits	<u>\$ 21,855</u>
FUND BALANCE	
Fund balance: Unassigned	<u>\$ 21,855</u>

(continued)

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Balance Sheet (continued)  
Governmental Fund  
June 30, 2021

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total fund balance for the governmental fund at June 30, 2021		\$ 21,855
Cost of capital assets	\$ 89,802	
Less: Accumulated depreciation	<u>(71,423)</u>	18,379
Deferred outflows of resources related to net pension liability		50,050
Net pension liability		(158,383)
Deferred inflows of resources related to net pension liability		<u>(1,521)</u>
Total net position of governmental activities at June 30, 2021		<u>\$ (69,620)</u>

*See accompanying notes and independent accountant's review report.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended June 30, 2021

	<u>General Fund</u>
Revenues:	
Fees, charges and commissions -	
Court costs, fees, and fines	\$ 68,320
Intergovernmental	263,520
Interest income	<u>17</u>
Total revenues	<u>331,857</u>
Expenditures:	
Current-	
General government-	
Operating services	316,467
Repairs and maintenance	5,690
Travel and other charges	438
Capital outlay	<u>4,863</u>
Total expenditures	<u>327,458</u>
Net change in fund balance	4,399
Fund balance, beginning	<u>17,456</u>
Fund balance, ending	<u>\$ 21,855</u>

(continued)

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance (continued)  
Governmental Fund  
Year Ended June 30, 2021

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance  
of Governmental Fund to the Statement of Activities

Total net change in fund balance for the year ended June 30, 2021 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 4,399
Cost of capital assets	4,863
Depreciation expense	(6,699)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	<u>(22,955)</u>
Total change in net position for the year ended June 30, 2021 per Statement of Activities	<u>\$ (20,392)</u>

*See accompanying notes and independent accountant's review report.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Fiduciary Net Position  
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and interest-bearing deposits	\$ 106,776
Due from litigants	<u>7,153</u>
Total assets	<u>\$ 113,929</u>
LIABILITIES AND NET POSITION	
Liabilities:	
Due to litigants and others	\$ 17,317
Net position:	
Restricted for litigants and others pending court action	<u>96,612</u>
Total liabilities and net position	<u>\$ 113,929</u>

*See accompanying notes and independent accountant's review report.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Statement of Changes in Fiduciary Net Position  
June 30, 2021

	<u>Custodial Funds</u>
Additions:	
Court Costs/fines	\$ 172,210
Deductions:	
Payments to litigants and others	<u>163,865</u>
Net increase in fiduciary net position	8,345
Net position at beginning of year, as restated	<u>88,267</u>
Net Position at end of year	<u>\$ 96,612</u>

*See accompanying notes and independent accountant's review report.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements

INTRODUCTION

City Courts are created under the authority of LSA-RS 13:1871 et seq. The City Court of the City of Franklin (hereinafter “City Court”) accounts for the operation of the court’s office.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of City Court conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying 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*.

A. Financial Reporting Entity

The city court judge is an independently elected official. However, City Court is fiscally dependent on the City of Franklin for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because City Court is fiscally dependent on the City, City Court was determined to be a component unit of the City of Franklin, the financial reporting entity. These financial statements report only the activities of City Court, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about City Court as a whole. These statements include all the financial activities of City Court. Information contained in these statements 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*.

The statement of activities presents a comparison between direct expenses and program revenues for City Court’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by City Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level.



CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

Fund Financial Statements

City Court uses funds to maintain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of City Court are classified into two categories: governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for City Court operations, they are not included in the government-wide financial statements. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of City Court is considered to be a major fund. The funds of City Court are described below:

Governmental Funds -

General Fund – This fund is the primary operating fund of City Court and accounts for the operations of City Court’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City Court’s policy.

Fiduciary Funds -

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by City Court are custodial funds. The custodial funds account for assets held by City Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. Fiduciary fund statements are prepared using the economic resources measurement focus and accrual basis of accounting. The custodial funds are as follows:

Fines and Costs Fund – accounts for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits includes all demand accounts, savings accounts, and certificates of deposits of City Court.

Under state law, City 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.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

Capital assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. City Court maintains a threshold level of \$500 for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. 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. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office Furniture	5 years
Equipment	5 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund equity

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

- b. Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Governmental fund equity is classified as fund balance. Fund balance for the City Court’s governmental fund is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the Judge. The Judge is the highest level of decision-making authority for City Court. Commitments may be established, modified, or rescinded only through process verbal of the Judge.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City Court’s adopted policy, only the Judge may assign amounts for specific purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, City Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, City Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Judge have provided otherwise in its commitment or assignment actions.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

E. Revenues, Expenditures, and Expenses

Revenues and fees

Revenues and fees, charges and commissions for services are recorded when City Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, governmental fund expenditures are classified by function and character.

F. Pensions

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(2) Cash and Interest-Bearing Deposits

At June 30, 2021, the City Court has cash and cash equivalents (book balances) totaling \$128,631 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash on hand	\$ 50	\$ -	\$ 50
Demand deposits	21,805	106,776	128,581
Total	\$ 21,855	\$ 106,776	\$ 128,631

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City Court's deposits may not be recovered or City Court will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2021, the City Court had \$135,881 in deposits (bank balances). These deposits are secured from risk by federal deposit insurance and therefore not exposed to custodial credit risk.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

(3) Capital Assets

The following is a summary of the changes in capital assets for the year:

	Balance, July 1, 2020	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2021
Furniture, fixtures, and equipment	\$ 84,939	\$ 4,863	\$ -	\$ 89,802
Less: accumulated depreciation	<u>(64,724)</u>	<u>(6,699)</u>	<u>-</u>	<u>(71,423)</u>
Net capital assets	<u>\$ 20,215</u>	<u>\$ (1,836)</u>	<u>\$ -</u>	<u>\$ 18,379</u>

Depreciation expense for the year ended June 30, 2021 was charged to the general government function.

(4) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which City Court is bound to observe constraints imposed upon the use of the resources in the government funds. City Court has no constraints placed on fund balance for the major governmental fund. All of City Court's fund balance is classified as unassigned during the fiscal year ended June 30, 2021.

(5) Changes in Fiduciary Net Position

The following is a summary of the changes in fiduciary net position for the year:

	Balance, July 1, 2020	<u>Additions</u>	<u>Reductions</u>	Balance June 30, 2021
Fiduciary Fund Type - Custodial Funds				
Advance deposit	\$ 65,537	\$ 96,279	\$ (88,936)	\$ 72,880
Fines and costs	<u>22,730</u>	<u>75,931</u>	<u>(74,929)</u>	<u>23,732</u>
Totals	<u>\$ 88,267</u>	<u>\$ 172,210</u>	<u>\$ (163,865)</u>	<u>\$ 96,612</u>

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

(6) On-Behalf Payments for Salaries and Benefits

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the Court to report on-behalf payments made by the City of Morgan City to the Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Franklin and not by the Court. For the year ended June 30, 2021, the City paid salaries and benefits, which include payments to the Municipal Employees' Retirement System of Louisiana (MERS) and Louisiana State Employees' Retirement System (LASERS), to and for the City Judge, Civil Court Clerk, Criminal Court Clerk, City Court Clerk, City Prosecutor, and Deputy Clerk. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for the year ended June 30, 2021 totaled \$263,520.

(7) Retirement

The Court's judge participates in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) to provide retirement allowances and other benefits to eligible officers, employees, and their beneficiaries. The employer pensions schedules for the Louisiana State Employees' Retirement System are prepared using the accrual basis of accounting.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

*Retirement Benefits*

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank-and-file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of credible service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

*Deferred Retirement Benefits*

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-



CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

*Disability Benefits*

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of the final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

*Survivor Benefits*

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

*Permanent Benefit Increases/Cost-of-Living Adjustments*

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

*Contributions*

The employer contribution rate is established annually under La. R.S. 11:401-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2020 for the various plans are as follows:

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

Plan	Plan Status	Employer Rate
Appellate Law Clerks	Closed	40.7%
Appellate Law Clerks hired on or after 7/01/06	Open	40.7%
Alcohol Tobacco Control	Closed	33.9%
Bridge Police	Closed	39.8%
Bridge Police hired on or after 7/01/06	Closed	39.8%
Corrections Primary	Closed	36.9%
Corrections Secondary	Closed	40.7%
Harbor Police	Closed	7.7%
Hazardous Duty	Open	41.7%
Judges hired before 1/1/2011	Closed	42.4%
Judges hired after 12/31/2010	Closed	42.0%
Judges hired on or after 7/01/15	Open	42.0%
Legislators	Closed	40.4%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.7%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.7%
Peace Officers	Closed	39.4%
Regular Employees hired before 7/01/06	Closed	40.7%
Regular Employees hired on or after 7/01/06	Closed	40.7%
Regular Employees hired on or after 1/1/11	Closed	40.7%
Regular Employees hired on or after 7/1/15	Open	40.7%
Special Legislative Employees	Closed	42.4%
Wildlife Agents	Closed	49.7%
Aggregate Rate		40.8%

The Court's contractually required composite contribution rate for the year ended June 30, 2020 was 42.0% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability.

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

At June 30, 2021, the Court reported a liability of \$158,383 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Court's proportion was 0.00192%, which was an increase of .00044% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Court recognized pension expense of \$34,875 in its activities.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

At June 30, 2021, the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,521
Change of assumptions	507	-
Net differences between projected and actual earnings on pension plan investments	23,153	-
Change in proportion and differences between employer contributions and proportionate share of contributions	14,470	-
Employer contributions subsequent to the measurement date	11,920	-
Total	\$ 50,050	\$ 1,521

Deferred outflows of resources of \$11,920 related to pensions resulting from Court's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 17,419
2023	6,677
2024	7,155
2025	5,358
	\$ 36,609

*Contributions – Proportionate Share*

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

*Actuarial Assumptions*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020																			
Actuarial Cost Method	Entry Age Normal																			
Expected Remaining Service Lives	2 years																			
Investment Rate of Return	7.55% per annum, net of investment expenses																			
Inflation Rate	2.3% per annum																			
Mortality Rates	<p>Non-disabled members - Mortality rates were based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>																			
Termination, Disability, and Retirement	<p>Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members for 2019.</p>																			
Salary Increases	<p>Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="border: none;">Member Type</th> <th style="border: none;">Lower Range</th> <th style="border: none;">Upper Range</th> </tr> </thead> <tbody> <tr> <td style="border: none;">Regular</td> <td style="border: none; text-align: center;">3.0%</td> <td style="border: none; text-align: center;">12.8%</td> </tr> <tr> <td style="border: none;">Judges</td> <td style="border: none; text-align: center;">2.6%</td> <td style="border: none; text-align: center;">5.1%</td> </tr> <tr> <td style="border: none;">Corrections</td> <td style="border: none; text-align: center;">3.6%</td> <td style="border: none; text-align: center;">13.8%</td> </tr> <tr> <td style="border: none;">Hazardous Duty</td> <td style="border: none; text-align: center;">3.6%</td> <td style="border: none; text-align: center;">13.8%</td> </tr> <tr> <td style="border: none;">Wildlife</td> <td style="border: none; text-align: center;">3.6%</td> <td style="border: none; text-align: center;">13.8%</td> </tr> </tbody> </table>		Member Type	Lower Range	Upper Range	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
Member Type	Lower Range	Upper Range																		
Regular	3.0%	12.8%																		
Judges	2.6%	5.1%																		
Corrections	3.6%	13.8%																		
Hazardous Duty	3.6%	13.8%																		
Wildlife	3.6%	13.8%																		
Cost of Living Adjustments	<p>The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.</p>																			

The investment rate of return used in the actuarial valuation for funding purposes was 7.90%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.55%, which is the same as the discount rate and a .05% decrease from the rate used as of June 30, 2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

expected long-term rate of return is 8.25% for 2020. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.59%
Domestic equity	4.79%
International equity	5.83%
Domestic fixed income	1.76%
International fixed income	3.98%
Alternative investments	6.69%
Risk Parity	4.20%
Total Fund	5.81%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.55%, which was a .05% decrease from the discount rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.55%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.55%) or one percentage-point higher (8.55%) than the current rate:

	1.00% Decrease 6.55%	Current Discount Rate 7.55%	1.00% Increase 8.55%
Employer's proportionate share of the net pension liability	\$ 194,628	\$ 158,383	\$ 127,625

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2020 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

*Payables to the Pension Plan*

The Court recorded no accrued liabilities related to the pension plan for the year ended June 30, 2021.

(8) Effects of Deferred Outflows of Resources and Deferred Inflows of Resources on Net Position

Net position is presented as net investments in capital assets and unrestricted on the City Court's government-wide statement of net position. City Court's net position is affected by transactions that resulted in the recognition of deferred outflows of resources and deferred inflows of resources, and the differences between the deferred outflows of resources and deferred inflows of resources and the balances of any related assets and liabilities are significant. As discussed in Note 7, City Court's recognition of net pension liability in accordance with GASBS No. 68 significantly affected City Court's unrestricted portion of net position as of June 30, 2021.

(9) Risk Management

City Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City Court has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. City Court is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended June 30, 2021. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(10) Compensation and Reimbursements Paid to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Payments to and on behalf of the City Court's chief officers, Judge James Supple and Judge Marsha McNulty, for the year ended June 30, 2021 are as follows:

	<u>Supple</u>	<u>McNulty</u>	<u>Total</u>
Wages	\$ 13,101	\$ 14,238	\$ 27,339
Benefits - Retirement	5,712	6,208	11,920
Wages and benefits paid by the City of Franklin on behalf of the City Court of Franklin	16,984	14,558	31,542
Reimbursements - Dues	200	200	400
Reimbursements - Lodging	-	375	375
	<u>\$ 35,997</u>	<u>\$ 35,579</u>	<u>\$ 71,576</u>

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Financial Statements (continued)

(11) Expenditures of City Court Paid by the City of Franklin

The cost of some expenditures for the operation of City Court, as required by Louisiana Revised Statute 13:1889, is paid by the City of Franklin, Louisiana. Such expenditures are not included in the accompanying financial statements.

(12) Prior Period Adjustments

Net pension liability, deferred outflows related to net pension liability, and deferred inflows related to net pension liability were understated in the prior year, which resulted in a prior period adjustment of \$86,899 in City Court's governmental activities.

City Court implemented GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. This statement defines and establishes criteria for identifying and reporting fiduciary activities. Custodial funds, under the guidance of this statement, now have a fiduciary net position for amounts that are held for future benefits or disbursement, which resulted in the restatement of beginning net position of \$88,267 in City Court's custodial funds.

The table below illustrates the effects of the matters described above on net position previously reported.

	As Previously <u>Reported</u>	<u>Adjustments</u>	As <u>Restated</u>
Government-Wide Financial Statements:			
Governmental Activities	\$ 37,671	\$ (86,899)	\$ (49,228)
Fiduciary Funds:			
Custodial Funds	\$ -	\$ 88,267	\$ 88,267



**REQUIRED SUPPLEMENTARY INFORMATION**

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended June 30, 2021

	Original Budget	Final Budget	Actual (Non-GAAP Basis)	Variance Positive (Negative)
Revenues:				
Fees, charges and commissions -				
Court costs, fees, and fines	\$ 140,000	\$ 68,380	\$ 68,320	\$ (60)
Interest income	50	16	17	1
Total revenues	140,050	68,396	68,337	(59)
Expenditures:				
Current-				
General government-				
Operating services	131,400	61,424	52,947	8,477
Repairs and maintenance	5,000	10,158	5,690	4,468
Travel and other charges	10,000	63	438	(375)
Total expenditures	146,400	71,645	63,938	7,707
Net change in fund balance	(6,350)	(3,249)	4,399	7,648
Fund balance, beginning	17,456	17,456	17,456	-
Fund balance, ending	\$ 11,106	\$ 14,207	\$ 21,855	\$ 7,648

*See independent accountant's review report and notes to required supplementary information.*

CITY COURT OF FRANKLIN  
Franklin, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Year Ended June 30, 2021

Plan Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2017	0.00099%	\$ 67,473	\$ 25,523	264.36%	62.54%
2018	0.00176%	\$ 119,826	\$ 33,082	362.21%	64.30%
2019	0.00148%	\$ 107,225	\$ 41,812	256.45%	62.90%
2020	0.00192%	\$ 158,383	\$ 36,942	428.73%	58.00%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

*See independent accountant's review report and notes to required supplementary information.*

CITY COURT OF FRANKLIN  
Franklin, Louisiana

Schedule of Employer Contributions  
Year Ended June 30, 2021

Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2018	\$ 12,141	\$ 12,141	\$ -	\$ 33,082	36.70%
2019	\$ 16,379	\$ 16,379	\$ -	\$ 41,812	39.17%
2020	\$ 15,268	\$ 15,268	\$ -	\$ 36,942	41.33%
2021	\$ 11,920	\$ 11,920	\$ -	\$ 27,340	43.60%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

*See independent accountant's review report and notes to required supplementary information.*

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Required Supplementary Information

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court.

(2) Budget Adoption

City Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$500,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

(3) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by City Court do not include on-behalf payments made by the City of Franklin to City Court's employees for salaries and related benefits. These on-behalf payments are reflected as a revenue and as an expenditure in City Court's financial statements as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. During the year ended June 30, 2021, City Court reimbursed the City of Franklin \$2,930 for salaries and related benefits. Actual amounts, net of amounts reimbursed, are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Intergovernmental	\$ 263,520	\$ (263,520)	\$ -
Expenditures:			
General government - Operating services	\$ 316,467	\$ (263,520)	\$ 52,947

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Notes to Required Supplementary Information (continued)

(4) Pension Plan

A. Changes of Benefit Terms

There were no changes of benefit terms

B. Change of Assumptions

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2017	7.70%	7.70%	2.75%	3	2.8% - 5.3%
2018	7.65%	7.65%	2.75%	3	2.8% - 5.3%
2019	7.60%	7.60%	2.50%	2	2.8% - 5.3%
2020	7.55%	7.55%	2.30%	2	2.6% - 5.1%

**SUPPLEMENTARY INFORMATION**

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
Year Ended June 30, 2021

	First Six Month Period Ended <u>12/31/2020</u>	Second Six Month Period Ended <u>6/30/2021</u>
Beginning Balance of Amounts Collected	\$ 103,910	\$ 110,983
Add: Collections		
Civil Fees	40,886	55,393
Criminal Court Costs/Fees	20,400	21,319
Criminal Fines - Contempt	850	450
Criminal Fines - Other	9,485	17,071
Restitutions	<u>150</u>	<u>545</u>
Subtotal Collections	<u>71,771</u>	<u>94,778</u>
Less: Disbursements to Governments and Nonprofits		
City of Franklin - Criminal Fines	7,883	13,290
City of Franklin Police Dept - Witness Fees	560	710
City of Franklin Police Dept - Intoxillizer Fees	225	300
City of Franklin Police Dept - Warrant Fees	550	700
St. Mary Parish Clerk of Court - Civil Fees	4,405	7,280
Franklin Marshal Fund - Civil Fees	3,960	4,613
Franklin Marshal Fund - Criminal Court Costs/Fees	2,886	4,343
Jeanerette Marshal Fund - Civil Fees	180	300
St. Mary Parish Sheriff - Criminal Court Costs/Fees	734	951
Iberia Parish Sheriff - Civil Fees	100	355
Lafayette Parish Sheriff - Civil Fees	-	7
Terrebonne Parish Sheriff - Civil Fees	-	50
St. Mary Parish - Criminal Fines	1,367	1,867
Indigent Defender Board - Criminal Court Costs/Fees	4,075	6,480
Acadiana Criminalistics Lab - Criminal Court Costs/Fees	3,010	4,900
Louisiana Commission on Law Enforcement - Criminal Court Costs/Fees	969	1,360
Louisiana State Treasurer - Civil Fees	2,075	2,900
Louisiana State Treasurer CMIS - Criminal Court Costs/Fees	288	432
LA Dept of Health & Hospitals THL/SCI -Criminal Court Costs/Fees	281	245
Less: Amounts Retained by Collecting Agency		
Amounts "Self-disbursed" to Collecting Agency - Civil Fees	21,681	32,217
Amounts "Self-disbursed" to Collecting Agency - Criminal Court Costs/Fees	5,682	7,991
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	2,583	6,230
Criminal Fee Refunds	849	719
Restitution Payments to Individuals	150	545
Payments to 3rd Party Collection/Processing Agencies	<u>205</u>	<u>200</u>
Subtotal Disbursements/Retainage	<u>64,698</u>	<u>98,985</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 110,983</u>	<u>\$ 106,776</u>

*See independent accountant's review report.*



**REQUIREMENTS OF THE *LOUISIANA GOVERNMENTAL AUDIT GUIDE***

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA\* - retired 2020

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KSRCPAS.COM

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

The Honorable Marsha McNulty, Judge,  
City Court of the City of Franklin, and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the compliance of City Court of the City of Franklin (hereinafter "City Court") with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire (Exhibit A) during the year ended June 30, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The management of City Court is responsible for its financial records and compliance with applicable laws and regulations.

The City Court has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of understanding the City Court's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A). Additionally, the Louisiana Legislative Auditor (LLA) has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. However, this report may not be suitable for any other purpose. This agreed-upon procedures engagement involves performing specific procedures that the City Court and LLA have agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on exceptions based upon the procedures performed. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions are as follows:

### Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$250,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

*No expenditures were made during the year that exceeded \$30,000, nor were there any expenditures for public works made during the year that exceeded \$250,000.*

### Code of Ethics for Public Officials and Public Employees

2. Obtain a list of immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics).

*Management provided us with the required.*

3. Obtain from management a listing of all employees paid during the period under examination.

*Management provided us with the required list.*

4. Determine whether any of those employees included in the listing obtained from management in Procedure 3 were also included on the listing obtained from management as immediate family members in Procedure 2.

*None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).*

5. Obtain a list of all disbursements made during the year, and a list of outside business interests of the judge, employees, and judge' and employees' immediate families. Report whether any vendors appear on both lists.

*Obtained listing of all disbursements, and a listing of business interest of the judge, employees, and immediate families. No vendors appeared on both lists.*

### **Budgeting**

6. Obtain a copy of the legally adopted budget and all amendments.

*Management provided us with a copy of the originally adopted budget and all amendments.*

7. Trace the budget adoption to adoption instruments.

*Adoption of budget traced to executed process verbal.*

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more.

*Actual revenues did not fail to meet budgeted revenues by five percent (5%) or more. Actual expenditures did not exceed budgeted appropriations by five percent (5%) or more.*

### **Accounting and Reporting**

9. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approved in accordance with management's policies and procedures.

*We examined supporting documentation for each of the six selected disbursements and found that payments were for the proper amounts and payees, properly coded to the correct funds and general ledger accounts, and received approval in accordance with policies and procedures.*

### **Debt**

10. Obtain bank deposit slips for the fiscal year and scan the deposit slips to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

*We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.*

### **Advances and Bonuses**

11. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

*We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.*

## State Audit Law

12. Report whether the City Court provided for a timely report in accordance with R.S. 24:513.

*City Court provided for a timely report in accordance with RS 24:513.*

13. Inquire of management and report whether the City Court entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the City Court was not in compliance with R.S. 24:513 (the audit law).

*City Court did not enter into any contracts utilizing state funds as defined in RS 39:72.1(A)(2) during the year which were subject to the public bid law (RS 38:2211 et seq), while not in compliance with RS 24:513 (the audit law).*

## Prior Comments and Recommendations

14. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

*City Court's prior report dated January 29, 2021, reported one finding related to a negative budget variance. This finding has been resolved.*

We were engaged by City Court to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the provisions of *Government Auditing Standards*, issued by the Comptroller General of the United States, applicable to attestation engagements. 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 City Court's compliance with the foregoing matters. 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.

We are required to be independent of City Court and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on City Court's compliance with certain laws and regulations contained in the accompanying Louisiana Compliance Questionnaire (Exhibit A), as required by R.S. 24:513 and the *Louisiana Governmental Audit Guide*, and the results of that testing, and not to provide an opinion on control or compliance. This report is intended solely for the information of and use by City Court's management and Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Accordingly, this report is not suitable for any other purpose. In accordance with Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
December 17, 2021

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Summary Schedule of Prior Findings  
Year Ended June 30, 2021

A. Internal Control –

There were no findings previously reported under this section.

B. Compliance –

CONDITION: City Court incurred negative budget variances in excess of 5% in its General Fund revenues.

RECOMMENDATION: We recommend that the administrative authority for City Court amend budgets as required by state statute.

CURRENT STATUS: This finding has been reoccur.

CITY COURT OF THE CITY OF FRANKLIN  
Franklin, Louisiana

Schedule of Findings  
Year Ended June 30, 2021

No findings to be reported under *Government Auditing Standards*.

**LOUISIANA ATTESTATION QUESTIONNAIRE**

**Exhibit A**

**CITY COURT OF THE CITY OF FRANKLIN**  
**Louisiana Attestation Questionnaire**  
**Year Ended June 30, 2021**

Kolder, Slaven & Company, LLC, CPAs  
Post Office Box 3438  
Morgan City, Louisiana

In connection with your engagement to apply agree-upon procedures to the control and compliance matters identified below, as of June 30, 2021 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [  ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [  ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No [  ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [  ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [  ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [  ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [  ]

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [  ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [  ]



We have remitted all fees, fines, and court costs collected on behalf of other entities, in compliance with applicable Louisiana Revised Statutes or other laws and we have complied with RS 24:515.2 regarding the disclosure of all pre- and post-adjudicated court costs, fines, and fees assessed or imposed.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [ ] No [ ] NA [X]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No [ ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No [ ]

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [] No [ ]

**General**

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [ ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [ ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No [ ]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No [ ]

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No [ ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [ ]

The previous responses have been made to the best of our belief and knowledge.

Wanda L. Ruel  
Judge

9.1.21  
Date