

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

Annual Financial Statements

As of and for the Year Ended December 31, 2019  
With Supplemental Information Schedules

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## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Bogalusa, a component unit of the City of Bogalusa, Louisiana as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Bogalusa, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of the Court's Proportionate Share of the Net Pension Liability, and the Schedule of the Court's Contributions to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basis financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

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

The schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of compensation, benefits, and other payments to the agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2021, on my consideration of the City Court of Bogalusa's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Bogalusa's internal control over financial reporting and compliance.

Minda Raybourn

Franklinton, La

February 23 2021

## **Financial Statements**

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

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 3,153
Capital assets, net of accumulated depreciation	<u>918</u>
Total assets	<u>4,071</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension Related	<u>11,391</u>
Total deferred outflows	<u>11,391</u>
<b>LIABILITIES</b>	
Accounts payable	2,300
Accrued payroll liabilities	7,547
Net pension liability	<u>88,171</u>
Total liabilities	<u>98,018</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>183</u>
Total deferred inflows	<u>183</u>
<b>NET POSITION</b>	
Net investment in capital assets	918
Unrestricted	<u>(83,657)</u>
Total net position	<u>\$ (82,739)</u>

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

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

		Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
Functions/Programs	Expenses	Fees, Fines, & Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Judicial	\$ 365,721	\$ 91,127	\$ 261,302	\$ (13,292)
		General Revenues		
				475
				-
				-
			Total general revenues & transfers	475
			Change in net position	(12,817)
			Net position - beginning	(69,922)
			Net position - ending	\$ (82,739)

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



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

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2019**

	General Fund
<b>ASSETS</b>	
Cash	\$ 3,153
Total assets	3,153
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts payable	2,300
Accrued payroll liabilities	7,547
Total liabilities	9,847
Fund Balance:	
Unassigned	(6,694)
Total fund balance	(6,694)
Total liabilities and fund balance	\$ 3,153
 Amounts reported for net position in the <i>governmental activities</i> statement of net position are different from fund balance reported above because:	
Fund balance as reported above	\$ (6,694)
Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	918
Long-term liabilities including amounts that are not due in the current period and, therefore are not reported in governmental funds	
Net Pension Liability	(88,171)
Deferred Outflows of Resources	11,391
Deferred Inflows of Resources	(183)
Net position of governmental activities.	\$ (82,739)

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

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	General Fund
<b>REVENUES</b>	
Court fees	\$ 91,127
Intergovernmental	261,302
Restitution	475
Interest	-
	-
Total revenues	352,904
 <b>EXPENDITURES</b>	
Judicial:	
Salaries	265,912
Fringe benefits and payroll taxes	69,262
Contract labor	919
Legal and professional	3,590
Bank Fees	-
Continuing education	450
Telephone and postage	1,512
Travel	11,061
Supplies and miscellaneous	5,300
Dues and subscriptions	4,745
Meals	320
Service Contracts	1,163
Probation Fees	
Capital Outlay	
Seminars and conventions	800
	800
Total expenditures	365,033
Net change in fund balance	(12,129)
 Fund balances - beginning	5,435
Fund balances - ending	\$ (6,694)

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

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Net change in fund balances - governmental funds	\$	(12,129)
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital assets	725	
Current year's depreciation	<u>(341)</u>	384

Pension Expense		<u>(1,072)</u>
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Change in net position of government activities	\$	<u><u>(12,817)</u></u>
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The accompanying notes are an integral part of this financial statement.

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

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$       69,111
Total assets	<u>                  69,111</u>
<b>LIABILITIES</b>	
Liabilities:	
Bond forfeitures pending disbursement	16,159
Due to litigants and others	<u>52,952</u>
Total liabilities	<u>\$       69,111</u>

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

## **Notes Financial Statements**

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**1. Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

**Basic Financial Statements – Government-Wide Statements**

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

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

**Basic Financial Statements – Government-Wide Statements**

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

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

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

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**Basic Financial Statements – Fund Financial Statements**

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

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

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

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

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

**Fiduciary (Agency) Funds**

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

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

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

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

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

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

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**Basis of Accounting**

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

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

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

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

**Financial Statement Amounts**

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

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

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

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

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

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



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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

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

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

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

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

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

**2. Stewardship, Compliance, and Accountability**

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

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**3. Cash and Cash Equivalents**

At December 31, 2019, the Court's general fund had cash and cash equivalents (book balance) totaling \$3,153 in non-interest-bearing demand deposits through a local bank.

At December 31, 2019, the Court maintained cash (book) balances of \$ 69,111 in the agency funds, which were held in deposit accounts through a local bank as follows:

Interest bearing demand deposits	\$	-
Non-interest bearing demand deposits		<u>72,264</u>
Total cash - agency funds	\$	<u><u>72,264</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2019, the Court's deposits were secured from risk by federal deposit insurance.

**4. Capital Assets**

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

Capital assets being depreciated			
Equipment	<u>\$ 25,125</u>	<u>\$ 725</u>	<u>\$ -</u> <u>\$ 25,850</u>
Total capital assets being depreciated	<u>25,125</u>	<u>725</u>	<u>-</u> <u>25,850</u>
Less accumulated depreciation for:			
Equipment	<u>(24,590)</u>	<u>(342)</u>	<u>-</u> <u>(24,932)</u>
Total accumulated depreciation	<u>(24,590)</u>	<u>(342)</u>	<u>-</u> <u>(24,932)</u>
Capital assets being depreciated, net	<u><u>\$ 535</u></u>	<u><u>\$ 383</u></u>	<u><u>\$ -</u></u> <u><u>\$ 918</u></u>

For the year ended December 31, 2019, depreciation expense was \$342. The Court purchased a new printer for \$725.

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**5. Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities consisted of the following at December 31, 2019:

Accounts payable	\$ 2,300
Accrued salaries	4,345
Accrued payroll taxes	3,202
Total	<u>\$ 9,847</u>

**6. On Behalf Payments and Expenses Paid by Other Governmental Entities**

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits, salaries, and other expenses. The following amounts were paid on-behalf of the Court for employee salaries and fringe benefits and other expenses for the Court during 2019:

Revenue:	
City of Bogalusa	\$ 160,712
State of Louisiana	56,111
Washington Parish Government	<u>44,479</u>
Total	<u>\$ 261,302</u>

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

**7. Pension Plans**

**Clerks**

**General** – The Court participates in funding a retirement plan under the City of Bogalusa because the majority of salaries and benefits are paid by the City of Bogalusa.

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

**Funding Policy.** Plan members are required to contribute 6% of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the year ended December 31, 2019, the City contributed 11% of covered salaries, or \$11,105.

At December 31, 2019, the court did not have a proportionate share of the net pension liability since it is under the City of Bogalusa's retirement plan.

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

**Notes to Financial Statements**  
**As of and for the Year Ended December 31, 2019**

**Judge**

**Summary of Significant Accounting Policies**

*Pensions*

For purposes of measuring the Net Pension Liability, deferred outflows of 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 (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. 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.

**General Information about the Pension Plan**

*Plan Description*

The Judge of the City Court is provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

*Benefits Provided*

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**

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 or at age 60 upon completing ten 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

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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 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.

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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-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 age 60, 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.

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. 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's 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.

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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, 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, the System 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***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2017 for the various plans follow:

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<u>Plan</u>	<u>Plan Status</u>	<u>Employee Rate</u>	<u>Employer Rate</u>
Appellate Law Clerks	Closed	7.50%	37.90%
Appellate Law Clerks hired on or after 7/01/06	Open	8.00%	37.90%
Alcohol Tobacco Control	Closed	9.00%	31.40%
Bridge Police	Closed	8.50%	36.70%
Bridge Police hired on or after 7/01/06	Closed	8.50%	36.70%
Corrections Primary	Closed	9.00%	33.50%
Corrections Secondary	Closed	9.00%	37.70%
Harbor Police	Closed	9.00%	7.10%
Hazardous Duty	Open	9.50%	38.50%
Judges hired before 1/01/11	Closed	11.50%	40.10%
Judges hired after 12/31/10	Closed	13.00%	39.00%
Judges hired on or after 7/01/15	Open	13.00%	39.00%
Legislators	Closed	11.50%	41.60%
Optional Retirement Plan (ORP) before 7/01/06*	Closed	7.50%	37.90%
Optional Retirement Plan (ORP) on or after 7/01/06*	Closed	8.00%	37.90%
Peace Officers	Closed	9.00%	36.70%
Regular Employees hired before 7/01/06	Closed	7.50%	37.90%
Regular Employees hired on or after 7/01/06	Closed	8.00%	37.90%
Regular Employees hired on or after 1/01/11	Closed	8.00%	37.90%
Regular Employees hired on or after 7/01/15	Open	8.00%	37.90%
Special Legislative Employees	Closed	9.50%	43.60%
Wildlife Agents	Closed	9.50%	46.30%

The Court's contractually required composite contribution rate for the year ended December 31, 2019 was 40.1% 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. Contributions to the pension plan from the Agency were \$11,373 for the year ended December 31, 2019

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

At December 31, 2019 the Employer reported a liability of \$88,171 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of



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contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Agency's proportion was 0.00122%, which was an increase of 0.00047% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Agency recognized pension expense of \$11,369 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,076 for a total of \$12,445.

At December 31, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 541	\$ (183)
Changes of assumptions	756	-
Net difference between projected and actual earnings on pension plan investments	3,046	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,076	-
Employer contributions subsequent to the measurement date	5,972	-
Total	<u>\$ 11,391</u>	<u>\$ (183)</u>

\$5,972 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$	4,143
2021	\$	(887)
2022	\$	838
2023	\$	1,142

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**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2019 are as follows:

<b>Valuation Date</b>	June 30, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining</b>	
<b>Service Lives</b>	2 years
<b>Investment Rate of Return</b>	7.60% per annum, net of investment expenses*
<b>Inflation Rate</b>	2.50% per annum
<b>Mortality</b>	<p><b>Non-disabled members</b> - Mortality rates based on the RP-2014 Combined Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.
<b>Salary Increases</b>	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:

<b>Member Type</b>	<b>Lower Range</b>	<b>Upper Range</b>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.6%	14.0%

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**As of and for the Year Ended December 31, 2019**

**Cost of Living Adjustments**

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

\*The investment rate of return used in the actuarial valuation for funding purposes was 8.00%, recognizing an additional 40 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.60%, which is the same as the discount rate. Therefore, we conclude the 7.60% discount is reasonable.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0.24%
Domestic Equity	4.83%
International Equity	5.83%
Domestic Fixed Income	2.79%
International Fixed Income	4.49%
Alternative Investments	8.32%
Global Tactical Asset Allocation	5.06%
Total Fund	6.09%

***Discount Rate***

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan'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 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.

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**Notes to Financial Statements**  
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***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 using the discount rate of 7.60%, 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 or one percentage point higher than the current rate:

	<b>1.0% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1.0% Increase (8.60%)</b>
Employer's proportionate share of the net pension liability	\$ 111,283	\$ 88,171	\$ 68,849

***Pension Plan Fiduciary Net Position***

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

**Payables to the Pension Plan**

At December 31, 2019, the Court recorded a payable to LASERS in the amount of \$788.

**8. Changes in Agency Funds**

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

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

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	Civil Fund	Bond Fund	Criminal Fund	Total
Balance as of 12/31/1	\$ 9,989	\$ 14,442	\$ 14,798	\$ 39,229
Collections	154,371	84,255	265,271	503,897
Settlements	(136,611)	(83,192)	(254,212)	(474,015)
Bond forfeitures pending disbursement	-	(16,159)	-	(16,159)
Transfers to/from other funds	-	-	-	-
Balance as of 12/31/19	\$ 27,749	\$ (654)	\$ 25,857	\$ 52,952

**9. Fund Balance**

The general fund balance had a negative balance of \$6,694 at December 31, 2019. This was due to the costs associated with the lawsuit in the matter of Ebony Roberts, Rozzie Scott, Latasha Cook, and Robert Levi vs Robert J. Black, in his individual and official capacities, and Bogalusa City Court, Case 2:16-cv-11024, in the United States Court of the Eastern District of Louisiana filed during 2017. The Court, as part of a corrective action plan, implemented a plan to reduce expenses as much as possible. The Court plans to keep hiring at a standstill, purchase no new equipment, and keep expenses to a minimum.

**10. Subsequent Events**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Court and its financial results.

Subsequent events have been evaluated by management through February 23, 2021, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that are required recording or disclosure in the financial statements for the fiscal year ending December 31, 2019.

## **Required Supplemental Information**

**GOVERNMENTAL FUND - GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Court fees	\$ 150,000	\$ 91,538	\$ 91,127	\$ (411)
Intergovernmental	290,000	250,909	261,302	10,393
Restitution	30	475	475	-
Interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	440,030	342,922	352,904	9,982
<b>EXPENDITURES</b>				
Judicial:				
Salaries	275,000	220,895	265,912	(45,017)
Fringe benefits and payroll taxes	90,000	70,836	69,262	1,574
Contract labor	-		919	(919)
Legal and professional	9,000	644	3,590	(2,946)
Bank Fees	-		-	-
Continuing education	625	491	450	41
Telephone and postage	190	1,187	1,512	(325)
Travel	8,000	10,034	11,061	(1,027)
Supplies, repairs and maintenance, miscellaneous	975	3,315	5,300	(1,985)
Dues and subscriptions	5,000	4,849	4,745	104
Meals	252	168	320	(152)
Service Contracts	-	1,268	1,163	105
Probation Fees	3,000		-	-
Capital Outlay	-		-	-
Seminars and conventions		874	800	74
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	392,042	314,561	365,033	(50,471)
Excess (deficiency) of revenues	47,988	28,361	(12,129)	(40,489)
Fund balances - beginning	5,435	5,435	5,435	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 53,423	\$ 33,796	\$ (6,694)	\$ (40,489)

See independent auditor's report.

**City Court of Bogalusa**  
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**Schedule of Employer's Share of Net Pension Liability-LASERS**  
**As of for the year ended December 31, 2019**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered- Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b>2019</b>	0.001217%	\$ 88,171	\$ 23,244	379.327999%	62.899134%
<b>2018</b>	0.000752%	\$ 51,286	\$ 13,752	372.934846%	64.300379%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.



**City Court of Bogalusa**  
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**Schedule o Employer's Contributions-LASERS**  
**As of for the year ended December 31, 2019**

	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Contributions as a % of Covered Employee Payroll</b>
<b>2019</b>	\$ 11,373	\$ 11,373	\$ -	\$ 24,000	47.3875%
<b>2018</b>	11,803	11,803	-	29,507	40.0007%

\* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

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**Schedule of Compensation, Benefits, and  
Other Payments to Agency Head  
As of the Year Ended December 31, 2019**

Agency Head: Honorable Robert J. Black, Judge

Compensation	112,774
Fringe Benefits-Insurance	8,464
Fringe Benefits-Retirement	14,013
Employer Provided Medicare Taxes	1,635
Dues	200
Meals	234
Per Diem	1,054
Registration Fees	1,495
Travel	2,669
Unvouchered Expenses	<u>1,402</u>
Total	<u><u>143,940</u></u>

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

See independent auditor's report.

# *Minda B. Raybourn*

*Certified Public Accountant*

*Limited Liability Company*

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AICPA

Member  
LCPA

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Bogalusa, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City Court of Bogalusa's basic financial statements and have issued my report thereon dated February 23, 2021.

### **Internal Control over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material

weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies (findings 2019-1, 2019-2, and 2019-3).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City Court of Bogalusa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (finding 2019-4).

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

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Minda Raybourn*

Franklinton, LA

February 23, 2021

**City Court of Bogalusa**  
**(A Component Unit of the City of Bogalusa, Louisiana)**  
**Summary of Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

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

**Internal Control Findings**

**2019-1 Financing Reporting**

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

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

**CAUSE:** The Court does not have the resources to have an external accountant to prepare the financial statements in accordance with GAAP and to also retain the auditor.

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

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

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

**City Court of Bogalusa**  
**(A Component Unit of the City of Bogalusa, Louisiana)**  
**Summary of Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

**Item 2019-2 Expenditure Documentation**

CRITERIA: Expenditures are to be supported by an original invoice or receipt. The Court does not use credit cards but rather reimburses the employee that uses their personal card for the charge. Credit card charges should be supported by a credit card receipt or invoice with a clear documentation of the business purpose or public purpose of the charge.

CONDITION: Some of the credit card reimbursements did not include original receipts or invoice to support the business or public purpose of the charge. While the credit card statement was approved and the actual purpose was for travel for a seminar or conference, the documentation to support the charge was not attached.

CAUSE: Unknown.

POTENTIAL EFFECT OF CONDITION: There is the potentiation effect of fraud and abuse. Without adequate documentation to support the expenditure, misappropriation of assets could occur.

RECOMMENDATION: The Court needs to strengthen its policies and procedures to address credit card reimbursements and the required documentation to support the charge, approval process of reimbursements, and monitoring of the reimbursements.

CLIENT RESPONSE (Indicate name and title of person discussed with and date.): e We agree with the auditor's recommendation.

**Item 2019-3 Information Technology**

CRITERIA: Effective internal controls should include standardized policies and procedures for appropriate data back up and recovery processes. A backup and data retention policy should be in place specifying how backups are to be performed, where they are retained, where the backup is stored, and recovery procedures that are tested at least annually.

CONDITION: The Court backs up the accounting data to a flash drive daily. During June 2020, the Court's computer system crashed. When the Court went to retrieve the data from the flash drive to restore the system, it was discovered the data was backing up on the hard drive of the computer and not the flash drive. The Court had to send the hard drive to a repair center to retrieve the data. This took several months and the data was eventually recovered.

CAUSE: The Court was not aware that the data was being backed up to the computer's hard drive and not the flash drive.

POTENTIAL EFFECT OF CONDITION: The effect is the potential loss of data that cannot be recovered and restored.

RECOMMENDATION: The Court should have data policies and procedures in place for the following:

- Data to be backed up and frequency of the backups.
- How the backup of data is done and where the backups are stored.
- Frequency of testing of the backup of data and verification that the data can be restored from the backup.
- Use of antivirus software on all systems and networks and application of software updates.

**City Court of Bogalusa**  
**(A Component Unit of the City of Bogalusa, Louisiana)**  
**Summary of Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

- Persons responsible for these processes

CLIENT RESPONSE: We agree with the auditor's recommendation.

**Noncompliance Finding**

**Item 2019-4 Local Government Budget Act (LGBA)**

CRITERIA: The chief executive or administrative officer of a political subdivision subject to public participation with a budget of \$500,000 or more must advise the governing authority or independently elected official in a written notice when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by 5% or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.

Even in situations in which R.S. 39:1311 does not require written notice, a political subdivision still must amend its adopted budget whenever anticipated revenues or expenditures vary by 5% or more. Governmental entities with anticipated expenditures of less than \$500,000 in the general fund and special revenue funds are exempt from the written notice requirement.

The Legislative Auditor interprets the provisions of the LGBA, including R.S. 39:1310 and R.S. 39:1311, to provide for a mandatory budget amendment for those political subdivisions with total proposed expenditures of less than \$500,000 when a 5% variance occurs between actual and budgeted revenues or expenditures.

CONDITION: The Court actual expenditures were over budget by 16%.

CAUSE: The salaries and related benefits were over budgeted expenditures due to the on-behalf payments that are required to be recorded in accordance with GASB No. 24. The sources include city, parish, and state wages and benefits.

POTENTIAL EFFECT OF CONDITION: Violation of State Law.

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

CLIENT RESPONSE: The Court revised its budget near year-end so that the budget might reflect the revenues and expenditures projected to occur at year's end, as required by the Local Government Budget Act (R.S. 39:1311). It is acknowledged that the actual expenditure was over budget by more than 16%. However, the court's intergovernmental revenues include city, parish, and state wage and fringe benefits as required by GASB Statement No. 24 as described in Note 5. These revenues and related expenditures are hard to predict. We will review the actual to budget comparisons more closely each month.



**City Court of Bogalusa**  
**(A Component Unit of the City of Bogalusa, Louisiana)**  
**Summary of Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

**Summary Status of Prior Year Findings**  
**(For the Year Ended December 31, 2018)**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

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

**Internal Control Findings**

2018-1 Financing Reporting

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

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

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

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

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

**STATUS:** This is an ongoing condition.

**City Court of Bogalusa**  
**(A Component Unit of the City of Bogalusa, Louisiana)**  
**Summary of Current Year Audit Findings**  
**For the Year Ended December 31, 2019**

**Noncompliance Finding**

Item 2018-2 Local Government Budget Act

CRITERIA: Per the Local Government Budget Act (R:S: 39:1311), the state local government budget act dictates that actual revenues cannot be under budget by more than 5%.

CONDITION AND CAUSE: The Court actual revenues were under budget by 9%.

POTENTIAL EFFECT OF CONDITION: Violation of State Law.

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

CLIENT RESPONSE: The Court revised it budget near year-end so that the budget might reflect the revenues and expenditures projected to occur at year's end, as required by the Local Government Budget Act (R.S. 39:1311). It is acknowledged that the actual revenues were under budget by more than 5%. However, the Court's intergovernmental revenues include city, parish, and state wage and fringe benefits as required by GASB Statement No. 24 as described in Note 5. These revenues and related expenditures are hard to predict. We will review the actual to budget comparisons more closely at periodic times.

STATUS: Not resolved.

Item 2018-3 Federal Tax Deposit Payments

CRITERIA: Federal payroll tax payments that are less than \$2,500 are due the last day of the month following the quarter with the federal tax form 941. State tax deposits that are paid on a quarterly basis on due on the same date.

CONDITION AND CAUSE: The Court paid the third quarter federal and state tax deposit on January 16, 2018. It was due October 31, 2018.

POTENTIAL EFFECT OF CONDITION: The effect of late payments are penalties and interest charged by the Internal Revenue Service.

RECOMMENDATION: The Court needs to have procedures in place to ensure compliance with the due date of all tax payments.

CLIENT REPOSENSE: We will in place procedures to have all tax payments paid by the required due date.

STATUS: Resolved.

***Minda B. Raybourn***

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Member  
A.i.c.p.a.

member  
l.c.p.a.

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

To the Honorable Robert J. Black, Judge  
City Court of Bogalusa  
Bogalusa, LA  
And the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by City Court of Bogalusa (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

**The court does not have budgeting policies and procedures.**

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

**The court does have written policies and procedures of how purchases are initiated. Purchase orders are not used due to the small size of the court. The policies do not address how vendors are added to the vendor list. Due to the small size of the court, this procedure is not warranted. Public bid law is not addressed.**

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

**The court has written policies and procedures on disbursements.**

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

**The court has written policies and procedures on receipts and collections.**

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

**Payroll processing is addressed.**

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

**The court does not have written policies and procedures on contracting.**

- 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)

**The court does not use cards.**

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

**The court does not have travel policies and procedures. However, the court adheres to the travel policies and procedures from the State of Louisiana Supreme Court Judicial Administrator.**

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected

officials, annually attest through signature verification that they have read the entity's ethics policy.

**The court does have some ethics policies.**

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

**This is not applicable.**

- k) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

**The court does not have disaster recovery/business continuity policies and procedures.**

***Board or Finance Committee-This is not applicable as the court does not have a board.***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (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 listing of bank accounts and management's representation were obtained.**

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);

**Bank reconciliations are prepared monthly.**

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

**The judge reviews and initials each reconciliation each month.**

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.

**No exceptions noted.**

### *Collections*

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4. Obtain a listing of deposit sites 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).

**A listing of deposit sites and management's representation were obtained.**

5. For each deposit site selected, obtain a listing of collection locations 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 listing of collection locations and management's representation were obtained. Written policies and procedures were obtained.**

a) Employees that are responsible for cash collections do not share cash drawers/registers.

**There is one cash drawer which is shared.**

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.

**The court has a court clerk, a civil clerk, and a criminal clerk that handle cash collections. Deposits are taken to the bank by an officer of the Marshal's office. The court clerk reconciles collection documentation 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.

**The court clerk (who also handles cash collections) is responsible for posting collection entries to the general ledger. Because of the court's small staff and budget constraints, it is not feasible to have another person handle the reconciling function.**

- 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.

**The court clerk (who also handles cash collections) is responsible for reconciling collections to the general ledger by revenue source and agency fund. Because of the court's small staff and budget constraints, it is not feasible to have another person handle the reconciling function.**

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

**There is no coverage for bond or insurance policy for theft.**

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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.

**The software the court uses issues receipts that are sequentially pre-numbered.**

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

**No exceptions noted.**

- c) Trace the deposit slip total to the actual deposit per the bank statement.

**No exceptions noted.**

- 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).

**No exceptions noted.**

- e) Trace the actual deposit per the bank statement to the general ledger.

**No exceptions noted.**

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

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

**Locations that process payments and management's representation were obtained.**

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**The court clerk can initiate a purchase request and place the order or make the purchase. The judge approves all purchases.**

- b) At least two employees are involved in processing and approving payments to vendors.

**The court clerk processes payments to vendors. The payments are approved by the judge.**

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

**The court clerk is responsible for processing payments and can modify or add vendor files. Because of the court's small staff, it is not feasible to have a separate person perform this function.**

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

**Once the checks are signed, they are mailed the same day by another clerk in the court.**

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

**The non-payroll disbursement transaction population and management's representation were obtained.**

- a) Observe that the disbursement matched the related original invoice/billing statement.

**One item did not have complete documentation for reimbursement for supplies.**



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

**The disbursements are approved by the Judge.**

***Credit Cards/Debit Cards/Fuel Cards/P-Cards. This procedure is not applicable as the court does not use cards.***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:  
**A listing of travel expense reimbursements and management's representation were obtained.**

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

**There were no exceptions.**

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

**I found five exceptions where travel reimbursements did not have original receipts attached.**

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

**There were five exceptions where the reimbursement did not have documentation attached on what the purpose is for.**

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**The judge approves all reimbursements.**

***Contracts-There were no prior year exceptions.***

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**15.** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

***Payroll and Personnel***

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**16.** Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5

employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**A listing of employees and management's representation were obtained.**

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

**The court did not maintain attendance records for the selected sample. The court clerk maintains leave records.**

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

**The judge approves leave.**

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

**The office manager accumulates leave manually. It was observed leave accrued or taken is updated.**

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

**No employees were terminated during the year.**

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

**Payroll taxes were paid timely and the related forms were filed timely. The monthly LASERS payment for the judge was done timely. There are not other retirement contributions, health insurance premiums, or worker's compensation premiums.**

### *Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**A search of ethics trainings on the state board of ethics website yielded no results.**

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity’s ethics policy during the fiscal period.

**Signature verification was not obtained.**

### *Debt Service*

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

**No debt was incurred during the fiscal year.**

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

**This is not applicable.**

### *Other*

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

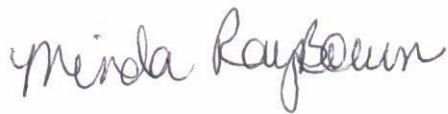
**Management asserted no misappropriations occurred during the fiscal year.**

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

**No exceptions noted.**

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

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

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA  
Franklinton, LA 70438

February 23, 2021