

City Court of Minden
Webster Parish, Louisiana

Annual Financial Statements
As of and for the Year Ended
December 31, 2012

**City Court of Minden
Webster Parish, Louisiana**

December 31, 2012

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**City Court of Minden
Webster Parish, Louisiana**

**Management's Discussion and Analysis (Unaudited)
for the Year Ended December 31, 2012**

This discussion and analysis of the City Court of Minden's financial performance provides an overview of the financial activities as of and for the year ended December 31, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- Net position of our governmental activities decreased by \$13,123.
- As a result of this year's operations, liabilities exceeded assets by \$16,736.
- Total program revenues - charges for services for all governmental activities were \$366,247 for the year, which was \$13,123 less than the program expenses of \$379,370 for these activities.
- The governmental funds reported a total ending fund balance of (\$18,464), of which all was considered unassigned. This compares to the prior year ending fund balance (deficit) of (\$6,324), showing a decrease of \$12,140 for the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the activities of the City Court as a whole and present a longer-term view of the finances. Fund Financial Statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as a trustee or agent for the benefit for those outside of the government.

Our auditor has provided assurance in their independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information, is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the City Court of Minden, Louisiana as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The current year's revenues are recorded when they become both measurable and available and expenses are taken into account when incurred and measurable.

These two statements report the net position and changes in net position. You can think of the net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as one way to measure financial health, or financial position of the entity. Over time, increases or decreases in net position are indicators of whether the entity's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City Court of Minden.

In the Statement of Net Position and the Statement of Activities, only one type of activity - governmental activities is reported. Most of the basic judicial services are reported as this type. Fines and fees charged to the public finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the City Court as a whole. Some funds are required to be established by state laws. The City Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The net position of the City Court decreased by \$13,123, as a result of this year's operations, which indicates the overall financial position declined during the year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, absorbed most of the increase this year.

Our following analysis focuses on the net position (Table A) and changes in net position (Table B) of the governmental-type activities:

TABLE "A"
Condensed Statement of Net Position

	2012	2011
Current and other assets	\$ 9,045	\$ 1,529
Capital assets	1,728	2,711
Total assets	10,773	4,240
Current liabilities	27,509	7,853
Total liabilities	27,509	7,853
Net assets (deficit)		
Net invested in capital assets	1,728	2,711
Unrestricted	(18,464)	(6,324)
Total net position	\$ (16,736)	\$ (3,613)

TABLE "B"
Condensed Statement of Activities

	2012	2011
Total program revenues	\$ 366,247	\$ 365,321
Total program expenses	379,370	361,729
Net program income (loss)	(13,123)	3,592
General revenues	-	-
Change in net position	(13,123)	3,592
Net position		
Beginning of the year	(3,613)	(7,205)
End of the year	\$ (16,736)	\$ (3,613)

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The City Court of Minden, Louisiana uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the City Court is being accountable for the resources provided to it and may also give you more insight into the overall financial health.

The governmental fund – general fund, reported an ending fund balance of (\$18,464). This reflects a decrease of \$12,140 from last year. This decrease is primarily the result of increased expenditures in 2012. Total revenues for governmental funds were \$366,247, an increase of \$926 over the prior year. Current expenditures for judicial activities were \$378,387. The result for the year was an excess of expenditures over revenues of \$12,140.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Court of Minden prepares an annual budget for the general fund based on anticipated revenue and expenses, and amends budget during the year, if considered necessary.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities at year-end were \$1,728. There were no additions to capital assets during the year 2012. Depreciation of \$983 was recorded on capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

DEBT

At year-end, the City Court of Minden, Louisiana had no debt outstanding.

ECONOMIC FACTORS AND RATES

Many factors were considered when budgeting for the current calendar year. Possible new laws and regulations, increased rates and fees that would be charged were all considered. Historically, the office staff and costs remain stable and should continue to do so. The City of Minden, in their current operating budget, absorbs some capital asset purchases and other operating expenses. If these estimates remain consistent, the City Court of Minden's General Fund balance is expected to increase accordingly by the close of 2013.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City Court of Minden's finances and to show accountability for the money it received. If you have any questions about this report or need additional financial information, contact:

Mrs. Joan Luck, Clerk
City Court of Minden
P. O. Box 968
Minden, LA 71058-0968
Phone 318-377-4308

Basic Financial Statements

City Court of Minden
Webster Parish, Louisiana

Statement of Net Position
December 31, 2012

Assets

Cash and cash equivalents	\$ 9,045
Capital assets, net of accumulated depreciation	<u>1,728</u>
Total assets	<u>10,773</u>

Liabilities

Accounts payable	5,802
Due to the Judge	9,815
Salaries and benefits payable	<u>11,892</u>
Total liabilities	<u>27,509</u>

Net Position

Net investment in capital assets	1,728
Unrestricted	<u>(18,464)</u>
Total net position	<u>\$ (16,736)</u>

The accompanying notes are an integral part of this statement.

City Court of Minden
Webster Parish, Louisiana

Statement of Activities
for the Year Ended December 31, 2012

Function/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Activities
Judicial activities	\$ 379,370	\$ 366,247	\$ (13,123)
Total governmental activities	\$ 379,370	\$ 366,247	(13,123)
General revenues			
Interest			-
Total general revenues			-
Change in net position			(13,123)
Net position, beginning of year			(3,613)
Net position, end of year			\$ (16,736)

The accompanying notes are an integral part of this statement.

City Court of Minden

Webster Parish, Louisiana

**Balance Sheet - Governmental Funds
December 31, 2012**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ <u>9,045</u>
Total assets	\$ <u><u>9,045</u></u>
Liabilities and Fund Balances	
Accounts payable	\$ 5,802
Due to the Judge	9,815
Salaries and benefits payable	<u>11,892</u>
Total liabilities	<u>27,509</u>
Fund Balances (Deficit)	
Unassigned	(<u>18,464</u>)
Total fund balances (deficit)	(<u>18,464</u>)
Total liabilities and fund balances	\$ <u><u>9,045</u></u>

The accompanying notes are an integral part of this statement.

City Court of Minden
Webster Parish, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2012

Total fund balance (deficit), governmental funds		\$ (18,464)
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds			
Capital assets	\$	43,229	
Less accumulated depreciation		<u>(41,501)</u>	1,728
Net position of governmental activities		\$	<u><u>(16,736)</u></u>

The accompanying notes are an integral part of this statement.

City Court of Minden
Webster Parish, Louisiana

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds
for the Year Ended December 31, 2012

	<u>General Fund</u>
Revenue	
Charges for services	
Criminal fees	\$ 204,117
Civil fees	162,130
Total revenue	366,247
Expenditures	
Current	
Salaries and employee benefits	295,642
Travel, education and seminars	21,698
Office supplies	13,917
Insurance	12,162
Professional fees	8,808
Telephone and internet	5,800
Witness fees	6,140
Library	5,865
Dues and subscriptions	2,642
Miscellaneous	5,713
Total expenditures	378,387
Net change in fund balances	(12,140)
Fund balances (deficit) at beginning of year	(6,324)
Fund balances (deficit) at end of year	\$ (18,464)

The accompanying notes are an integral part of this statement.

City Court of Minden
Webster Parish, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
for the Year Ended December 31, 2012

Net change in fund balance - governmental funds	\$ (12,140)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the Government-Wide financial statements, but they do not require the use of current financial resources and are not reported in the Governmental Funds financial statement. Current year depreciation expense is:	(983)
Changes in net position of governmental activities	\$ (13,123)

The accompanying notes are an integral part of this statement.

City Court of Minden

Webster Parish, Louisiana

**Statement of Fiduciary Net Position
December 31, 2012**

	<u>Criminal Court Fund</u>	<u>Civil Fund</u>	<u>Judicial Building Fund</u>	<u>Totals</u>
Assets				
Cash and cash equivalents	\$ <u>5,869</u>	\$ <u>7,578</u>	\$ <u>3,441</u>	\$ <u>16,888</u>
Total assets	\$ <u><u>5,869</u></u>	\$ <u><u>7,578</u></u>	\$ <u><u>3,441</u></u>	\$ <u><u>16,888</u></u>
Liabilities				
Civil funds held for future disposition	\$ -	\$ 7,578	\$ -	\$ 7,578
Criminal funds held for future disposition	5,869	-	-	5,869
Building funds held for future disposition	<u>-</u>	<u>-</u>	<u>3,441</u>	<u>3,441</u>
Total liabilities	\$ <u><u>5,869</u></u>	\$ <u><u>7,578</u></u>	\$ <u><u>3,441</u></u>	\$ <u><u>16,888</u></u>

The accompanying notes are an integral part of this statement.

City Court of Minden
Webster Parish, Louisiana

Notes to the Financial Statements
December 31, 2012

Introduction – The Louisiana Constitution of 1974, Article V, Section 1 created the Courts of the State, among them the City Court of Minden. Article V, Section 15 created the Trial Courts of Limited Jurisdiction and sets forth the duties of the Court. City Court of Minden (the City Court) exists and operates in accordance with the authorities cited. As provided by Article V, Section 15 of the Louisiana Constitution of 1974, the Judge has charge of civil and criminal matters in his jurisdiction. The Judge is elected by a popular vote for a term of six years.

The City Court's jurisdiction covers Ward One of Webster Parish and serves approximately 30,000 people and employs four full-time employees and one part-time probation officer. For the year ended December 31, 2012, the City Court had approximately 2,530 criminal cases and approximately 520 civil cases filed.

There is one Marshal elected by a popular vote that serves the jurisdiction of the City Court. He is responsible for serving papers, maintaining order in the courtroom, sale of seized property and works concurrently with the police department.

Note 1 Summary of Significant Accounting Policies

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999 as amended by GASB Statement 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34".

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City Court.

The content and certain titles of the GWFS were changed upon adoption by the City Court in 2012 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in the statement of financial position, GASB No. 63 renames that measure as net position rather than net assets. The City Court had no deferred outflows or inflows of resources at December 31, 2012, and no reclassifications affecting the statement of net assets from the prior period are required.

Basis of Presentation – The accompanying basic financial statements of the City Court of Minden have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999 as amended by GASB Statement 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34".

Reporting Entity – The City Court Judge and Marshal are independently elected officials. However, the City Court is fiscally dependent on the City of Minden for office space, courtrooms, and related utility costs, as well as partial funding of salary costs.

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

partial funding of salary costs. The City Court of Minden is not considered to be a component unit of the City of Minden.

Fund Accounting – The City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the City Court are classified into the following categories:

Governmental Funds

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the City Court are agency funds. The agency funds account for assets held by the City Court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The City Court has the following agency funds:

Criminal Court Fund is used to account for fines and court costs of all criminal cases. Fines collected by the Minden Police Department are remitted monthly to the City Court. These and all fines collected by the Court for criminal cases are disbursed to appropriate agencies and the General Fund on a monthly basis.

Civil Fund is used to account for all court costs and restitution resulting from civil cases filed in the City Court. Disbursements are made to the General Fund for court fees, to victims for restitution, and other agencies for services performed relative to civil suits.

Judicial Building Fund is used to account for fines and fees of derived from traffic tickets and civil filings allowed under LSA R.S. 13:1910. Funds are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of new and existing city courts and for the maintenance and payment of any bond indebtedness on any such existing facilities.

Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

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

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

Revenues – Revenues are recorded when they are determined to be both measurable and available. Generally, revenues are recorded when cash is received. Fines collected by the City of Minden Police Department and remitted to the City Court the succeeding month are recognized as revenue when the fines are received.

Expenditures – Expenditures are generally recorded and reported when the related fund liability is both incurred and measurable. Salaries and related payroll costs are recorded as they are incurred. Operating supplies and other costs are recorded as they become due or incurred and are measurable.

Government-Wide Financial Statements (GWFS)

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

Program Revenues – Program revenues, included in the Statement of Activities, are derived directly from court users as a fee for services; program revenues reduce the cost of the function to be financed from the City Court's general revenues.

Budgets – The City Court presents, adopts and amends an operating budget for the general fund as required by the Louisiana Local Government Budget Act. There were no amendments made to the 2012 budget.

The budget is prepared on a modified accrual basis of accounting. The budget presented in the Budget Comparison Schedule shows the original and final amended budgets for the year.

The City Court does not utilize encumbrance accounting under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

Compensated Absences – The vacation and sick leave policy of the City Court does not provide for the accumulation and vesting of leave time, therefore the City Court has not accrued compensated absences.

Cash and Cash Equivalents – Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City Court may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Short-Term Interfund Receivables/Payables – During the course of operations, transactions occur between funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

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

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the five to seven years.

Fund Equity – Beginning with year 2011, the City Court implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** – amounts constrained to specific purposes by the City Court itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the City Court takes the same highest level action to remove or change the constraint.
- **Assigned fund balance** – amounts the City Court intends to use for a specific purpose. Intent can be expressed by the City Court of by an official or body to which the City Court delegates the authority.
- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund. The General Fund Balance (Deficit) of (\$18,464) at December 31, 2012, is unassigned.

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.

Note 2 Cash and Cash Equivalents

At December 31, 2012, the City Court had cash and cash equivalents in the general and agency funds totaling \$25,933 as follows:

	<u>General Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Petty cash	\$ 100	\$ -	\$ 100
Demand deposits	8,945	3,441	12,386
Interest-bearing demand deposits	-	13,447	13,447
Total	\$ 9,045	\$ 16,888	\$ 25,933

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2012, the City Court had \$41,488 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance at one financial institution resulting in unsecured depository balances as of December 31, 2012, of \$0.

Note 3 Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2012, is as follows:

Governmental Activities	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Office equipment	\$ 43,229	\$ -	\$ -	\$ 43,229
Less accumulated depreciation	(40,518)	(983)	-	(41,501)
Capital assets, net	\$ 2,711	\$ 983	\$ -	\$ 1,728

Depreciation expense for the year recorded for governmental activities was \$983.

Note 4 Due to the Judge

The City Court has a payable due to the Judge of \$9,815 arising from over withholdings during the year. During the year, bookkeeper noted that the City Court had been paying for the Judge's dependent health insurance coverage. It was determined these costs were proper and the Court will repay the Judge as funds are available.

Note 5 Leases

The City Court leases a postage machine under non-cancelable operating lease with monthly rent of \$69, expiring March 2013. The City Court also leases a copier under a non-cancelable operating lease with monthly rent of \$289, expiring June 2013. The City Court has the following minimum annual commitments:

2013	\$ 1,943
Total	\$ 1,943

Lease expense for the year ended December 31, 2012, was \$4,300, and is included in miscellaneous expense.

Note 6 Litigation

The City Court is not a defendant in any litigation seeking damages from the City Court. The Judge estimates that any potential claims against the City Court would not materially affect the financial statements.

Note 7 Retirement Plan

Louisiana State Employees' Retirement System

The City Court provides retirement, death, and disability benefits to the City Court's Judge through a pension plan administered by another governmental entity. The plan is the Louisiana State Employees' Retirement System (LASERS or the System). Only the Judge of the City Court is a member of this cost-sharing multiple-employer public employee retirement system (PERS). All state employees, except certain classes of employees specifically excluded by Statute, become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Elected officials and officials appointed by the governor may, at their option, become members of LASERS. Benefit provisions are established in accordance with Louisiana State Statute.

Employees are eligible for retirement if the employee has: (a) 30 years of creditable service, regardless of age, or (b) 25 years of service and is at least age 55 or (c) 10 years of service and is at least age 60. The monthly retirement allowance is equal to two and one-half percent (2 1/2%) of the employee's average compensation multiplied by years of creditable service. The maximum annual benefits cannot exceed the lesser of one hundred percent (100%) of the employee's average compensation or certain specified dollar amounts 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 one percent (1%) of average compensation multiplied by the number of years of creditable service in their respective capacity.

Upon the death of any Louisiana State Employees' Retirement System member in active service with five or more years of service and not eligible for retirement, survivor benefits are paid to certain eligible surviving

dependents based on the deceased member's compensation and their relationship to them. For LASERS members who are eligible for retirement, the surviving spouse is eligible for normal retirement benefits.

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

Contribution rates are established by Statute. Employee member contributions are deducted from their salary and remitted to the System by participating employers. The rate in effect for 2012 for judges is eleven and one-half percent (11.5%) of their covered compensation.

Each employer is required to contribute a percentage of each employee's earned compensation to finance participation of its employees in LASERS. The employer's contribution rate is established annually by the Actuarial Forecasting Committee. The City Court contributed \$28,800, \$18,103 and, \$10,537, respectively, for the years ended December 31, 2012, 2011 and 2010. The current rate was 31.8% for covered payroll.

Ten-year historical trend information of the Louisiana State Employees' Retirement System is available in the separately issued retirement system report. The trend information provides information about progress made in accumulating sufficient assets to pay benefits when due. The City Court does not guarantee the benefits granted by the above plan. The City Court does not provide any other post employment benefits.

The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, P.O. Box 44213, Baton Rouge, LA 70809.

Note 8 Deficit Fund Equity

The general fund had a deficit fund balance (net position) at December 31, 2012. Management has taken steps to reduce the deficit by continuing to eliminate the number of community service orders and other sentences that do not bring fees into the City Court, and has reduced certain expenses and is considering other ways to reduce expenses in 2013.

Note 9 Subsequent Events

The City Court has evaluated subsequent events through June 27, 2013, the date which the financial statements were available to be issued.

Required Supplemental Information

City Court of Minden
Webster Parish, Louisiana

Budgetary Comparison Schedule - General Fund
for the Year Ended December 31, 2012

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenue				
Charges for services				
Criminal fees	\$ 209,500	\$ 209,500	\$ 204,117	\$ (5,383)
Civil fees	140,500	140,500	162,130	21,630
Miscellaneous				
Other	600	600	-	(600)
Total revenues	<u>350,600</u>	<u>350,600</u>	<u>366,247</u>	<u>15,647</u>
Expenditures				
Current				
Salaries and employee benefits	255,500	255,500	295,642	(40,142)
Travel, education and seminars	25,750	25,750	21,698	4,052
Office supplies	12,000	12,000	13,917	(1,917)
Insurance	11,000	11,000	12,162	(1,162)
Professional fees	9,500	9,500	8,808	692
Telephone and internet	8,300	8,300	5,800	2,500
Witness fees	7,200	7,200	6,140	1,060
Capital outlay	-	-	-	-
Library	3,800	3,800	5,865	(2,065)
Dues and subscriptions	3,000	3,000	2,642	358
Repairs and maintenance	200	200	-	200
Miscellaneous	5,000	5,000	5,713	(713)
Total expenditures	<u>341,250</u>	<u>341,250</u>	<u>378,387</u>	<u>(37,137)</u>
Excess (deficiency) of revenue over expenditures	9,350	9,350	(12,140)	(21,490)
Fund balances (deficit) at beginning of year	-	-	(6,324)	-
Fund balances (deficit) at end of year	<u>\$ 9,350</u>	<u>\$ 9,350</u>	<u>\$ (18,464)</u>	<u>\$ (21,490)</u>

See Independent Auditor's Report.

Independent Auditor's Reports

Independent Auditor's Report

Honorable John C. Campbell, Judge
City Court of Minden
Webster Parish, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City Court of Minden (the City Court) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City Court of Minden'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Minden as of December 31, 2012, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the City Court has adopted the provisions of GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information as listed in the table of contents be

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of the City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

CARR, RIGGS & INGRAM, LLC
CARR, RIGGS, & INGRAM, LLC

Shreveport, Louisiana
June 27, 2013

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

Honorable John C. Campbell, Judge
City Court of Minden
Webster Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City Court of Minden (the City Court) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements, and have issued our report thereon dated June 27, 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (Findings 2012-1 and 2012-2)

Compliance and Other Matters

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

City Court of Minden's Response to Findings

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

Purpose of This Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

CARR, RIGGS & INGRAM, LLC

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
June 27, 2013

**City Court of Minden
Webster Parish, Louisiana**

**Schedule of Findings and Responses
for the Year Ended December 31, 2012**

We have audited the basic financial statements of the City Court of Minden as of and for the year ended December 31, 2012, and have issued our report thereon dated June 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2012 resulted in an unmodified opinion. No management letter was issued for the year ended December 31, 2012.

Section I – Summary of Auditor’s Report

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	
Material Weakness	No
Significant Deficiencies	Yes
Compliance	
Compliance Material to Financial Statements	No

Federal Awards

N/A

Section II – Financial Statement Findings

Finding 2012-1 Health Insurance Policy

Criteria - Employee benefits should be paid in accordance with policies.

Statement of Condition - The City Court does not have a written policy that dictates the City Court can pay dependent health insurance premiums under the Judge’s insurance policy through the Webster Parish Police Jury. The City Court has had an unwritten policy to pay for the Judge’s dependent health care coverage.

Questioned Costs - \$0

Cause - The City Court did not realize there should have been a policy in place to govern this.

Effect - The lack of a written policy created confusion by the bookkeeper, who determined the dependent health insurance premiums should not have been paid by the City Court and excess withholdings were made from the Judge’s pay during the year.

Recommendation - We recommend the City Court document in writing a policy that dictates that the City Court can pay dependent health insurance premiums under the Judge’s insurance policy.

Management’s Response - Judge John Campbell has taken the necessary steps to correct the finding.

Finding 2012-2 Significant Adjustments Made to Records

Criteria - The accounting records should be accurately stated.

Statement of Condition - The City Court bookkeeper determined that the Court should not have been paying for dependent health insurance coverage under the Judge's policy and effectively understated insurance expense for the year.

Questioned Costs - \$0

Cause - Bookkeeper did not properly investigate the issue at hand prior to adjusting the records for the amount deemed to have been overpaid by the City Court.

Effect - Expenses were initially understated and excess funds were withheld from the Judge's pay.

Recommendation – We recommend the bookkeeper research and investigate any matters she is not familiar with to be able to make the most informed decision when in the process of maintaining the books of record for the City Court.

Management's Response – Judge John Campbell has taken the necessary steps to correct the finding.

Prior Year Findings

None