

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana**

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2019

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Report
 Year Ended December 31, 2019

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TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana
Annual Financial Report
Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Bossier and Webster Parishes, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court - Judicial Expense Fund as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 fund'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 fund'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 and each major fund of the Twenty-Sixth Judicial District Court - Judicial Expense Fund 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 management's discussion and analysis and budgetary comparison information on pages 5-8 and on pages 30-31 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Court – Judicial Expense Fund's basic financial statements. The supplementary information, and the other information, as listed in the table of contents, 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 agency head is the responsibility of management and was derived from and relates 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 our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 31, 2020, on our consideration of the Twenty-Sixth Judicial District Court - Judicial Expense Fund'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Twenty-Sixth Judicial District Court - Judicial Expense Fund's 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 Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control over financial reporting and compliance.

Wes Martin & Cole, LLC
Minden, Louisiana
July 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

TWENTY-SIXTH JUDICIAL DISTRICT COURT
BOSSIER AND WEBSTER PARISHES

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Twenty-Sixth Judicial District Court - Judicial Expense Fund (JEF) provides an overview of the JEF's financial activities for the year ended December 31, 2019, in an easily readable analysis.

FINANCIAL HIGHLIGHTS

- The assets of the JEF exceeded its liabilities at the close of 2019 by \$2,062,311.
- The General fund's total fund revenues were \$208,407 in 2019, an increase of 1.1% over last year's revenues of \$206,110.
- The Child Support fund's (CSF) total fund revenues were \$606,725 in 2019, a decrease of 0.2% of last year's revenues of \$607,838.
- During the year ended December 31, 2019, the governmental funds, JEF and CSF had total expenses of \$329,450 and \$377,702, respectively.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 & 12) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by also providing information about all of the JEF's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis, the basic financial statements (including the notes to the financial statements), and required supplementary information.

Reporting the Twenty-Sixth Judicial District Court - Judicial Expense Fund as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the JEF as a whole begins on page 11. One of the most important questions asked about the JEF's finances is, "Is the JEF as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the JEF as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting* which is similar to the format used by most private-sector businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF's *net position* and changes in them. One could think of the JEF's net position — the difference between assets, liabilities and deferred inflows/outflows — as one way to measure the JEF's financial health or *financial position*. Over time, *increases* and *decreases* in the JEF's

net position are one indicator of whether its *financial health* is improving or deteriorating. One needs to consider other non-financial factors, however, such as changes in the number of cases handled by the District Court as well as the number of judgeships approved by the State Legislature and the State's economic condition, to assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies, and other costs related to the proper administration of the District Court. Court costs, fines, and fees primarily finance these activities.

Reporting the Funds of the Twenty-Sixth Judicial District Court - Judicial Expense Fund

Fund Financial Statements

Our analysis of the major funds maintained by the JEF begins on page 13. The fund financial statements provide detailed information about the specific activities of the significant funds maintained by the JEF - not the JEF as a whole. In addition to the General fund, a separate fund may be established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The JEF's *governmental funds* use the following accounting approach:

Governmental funds — All of the JEF's 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 the *modified accrual* accounting method, 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 JEF's general government operations and the expenses paid from those funds. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the JEF's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND AS A WHOLE

The JEF's total net position changed from prior year, increasing from \$1,941,964 to \$2,062,311. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the JEF's governmental activities.

Table 1 - Net Position

	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,078,471	\$ 1,960,710
Capital assets	<u>36,397</u>	<u>20,618</u>
Total assets	<u>2,114,868</u>	<u>1,981,328</u>
Current liabilities	<u>52,557</u>	<u>39,364</u>
Total liabilities	<u>52,557</u>	<u>39,364</u>
Net position:		
Invested in capital assets	36,397	20,618
Unrestricted	<u>2,025,914</u>	<u>1,921,346</u>
Total net position	<u>\$ 2,062,311</u>	<u>\$ 1,941,964</u>

Net position of the JEF's governmental activities increased overall by \$120,347. 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 – increased by \$104,568.

Table 2 - Changes in Net Position

	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues		
Charges for services	\$ 748,361	\$ 750,985
Operating grants/contributions	42,733	45,375
General revenues		
Interest earned	<u>24,038</u>	<u>17,588</u>
Total revenues	<u>815,132</u>	<u>813,948</u>
Expenses:		
Judicial expense	323,156	295,830
Child support	<u>371,629</u>	<u>341,373</u>
Total expenses	<u>694,785</u>	<u>637,203</u>
Increase (decrease) in net position	120,347	176,745
Net position, beginning	<u>1,941,964</u>	<u>1,765,219</u>
Net position, ending	<u>\$ 2,062,311</u>	<u>\$ 1,941,964</u>

The following program revenues were less than prior year:

- JEF collections of judicial fees and forfeited bonds were down by \$1,500
- JEF grants and reimbursements from judges were down by approximately \$2,600
- Child Support collections were down by approximately \$1,100

However, with investment earnings being approximately \$6,450 higher, total revenues were higher overall in 2019 as compared to the prior year.

Overall, expenses of operating the court covered with the Judicial Expense and Child Support funds was approximately \$57,600 more than last year, mainly due to approximately:

- \$9,400 increase in repairs to equipment
- \$26,700 renovations to the Webster Parish court house
- \$12,800 more in purchases of updating books and publications
- \$9,700 in personnel costs due to COLA increases
- \$1,000 decrease in cost of professional services

THE JEF's FUNDS

The focus of the District's governmental funds is to provide information on near-term inflow, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

Judicial Expense fund (JEF) revenues for this year were almost \$2,300 higher than last year's revenues. Collections of fines, grants and reimbursements from judges for travel were down by approximately \$4,150, while investment earnings were \$6,450 higher.

Court expenses covered by the JEF for this year were over \$35,000 higher over last year's expenditures. A majority of the increase in expenses was due to \$11,000 more in repairs and maintenance of computer equipment and software, as well as an additional \$17,794 was incurred for Webster Parish courthouse renovations. The JEF covered over \$11,000 of the cost of 8 new MS Surface book laptop computers.

As mentioned earlier, the Child Support Fund (CSF) reported approximately \$1,100 less collections of fees assessed against persons owing child support compared to prior year. Overall expenditures for court operations covered by the CSF were approximately \$37,500 more this year. The CSF covered half of the additional costs, \$11,000, for the 8 new MS Surface book laptop computers, an additional \$11,000 in repairs and maintenance of computer equipment and software, \$9,000 in renovations to the Webster parish courthouse, and over \$7,750 in books and publication updates.

General Fund Budgetary Highlights

The District Court adopted a budget for its General fund and each special revenue fund for the year ended December 31, 2019. During the year, one amendment was made to the General fund budget and one amendment was made to the Child Support Fund (CSF). The amendment to the General fund was made to increase transfers projected to come from the CSF and to decrease projected expenditures. The amendment made to the CSF was made to increase projected revenues, to decrease projected expenditures, and to increase transfers projected to go to the General fund. The budgetary comparison is presented as required supplementary information and shown on pages 30-31.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2019, the JEF had invested \$36,397 in capital assets.

Table 3
Capital Assets at Year End
(Net of Depreciation)

	<u>Governmental activities</u>	
	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 4,621	\$ 4,621
Equipment and software	<u>392,991</u>	<u>370,207</u>
Total capital assets	397,612	374,828
Less: accumulated depreciation	<u>(361,215)</u>	<u>(354,210)</u>
Net capital assets	<u>\$ 36,397</u>	<u>\$ 20,618</u>

During the year, capital assets acquired for a total of \$22,784 while depreciation for the year ended December 31, 2019, totaled \$7,005. More detailed information about the capital assets is presented in Note 5 to the financial statements.

DEBT

At December 31, 2019, the JEF had no outstanding bonded debt. More detailed information about the long-term obligations of the JEF is presented in Note 6 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The JEF's management considered many factors when setting a fiscal year December 31, 2020 budget. Court operations are funded extensively by the Parishes of Bossier and Webster. The most important factors

affecting the budget are projected revenue from court costs, fines and fees. The 2020 fiscal budget was set for total projected revenues of \$192,600 and \$486,000 for JEF and Support Enforcement, respectively. Total projected expenditures for each program/function is equivalent to its projected revenues and \$303,500 in prior year fund balance.

CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and taxpayers with a general overview of the JEF's finances for those funds maintained by the JEF and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melissa Fox, Court Administrator at P.O. Box 310, Benton, Louisiana 71006.

BASIC FINANCIAL STATEMENTS

STATEMENT A

**TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

Bossier and Webster Parishes
State of Louisiana

Statement of Net Position
December 31, 2019

	Governmental Activities
ASSETS	
Cash	\$ 526,111
Investments	1,435,680
Receivable from other governments	61,945
Advance to other government	45,000
Prepaid items	9,735
Capital assets, net of depreciation	36,397
TOTAL ASSETS	2,114,868
 LIABILITIES	
Accounts payable	52,557
TOTAL LIABILITIES	52,557
 NET POSITION	
Net investment in capital assets	36,397
Unrestricted	2,025,914
TOTAL NET POSITION	\$ 2,062,311

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND**

Bossier and Webster Parishes
State of Louisiana

Statement of Activities
For the Year Ended December 31, 2019

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Governmental</u>
		<u>Charges for</u>	<u>Operating</u>	<u>activities</u>
		<u>services</u>	<u>grants and</u>	<u>Net</u>
			<u>contributions</u>	<u>(expenses)/</u>
				<u>revenue</u>
Governmental activities				
General government:				
Judicial expense fund	\$ 323,156	\$ 141,664	\$ 42,733	\$ (138,759)
Child support fund	<u>371,629</u>	<u>606,697</u>	<u>-</u>	<u>235,068</u>
Total governmental activities	<u>\$ 694,785</u>	<u>\$ 748,361</u>	<u>\$ 42,733</u>	<u>96,309</u>
				General revenues:
				Interest
				<u>24,038</u>
				Total general revenues
				<u>24,038</u>
				Change in net position
				120,347
				Net position-beginning
				<u>1,941,964</u>
				Net position-ending
				<u>\$ 2,062,311</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Balance Sheet - Governmental Funds
 December 31, 2019

	Judicial Expense Fund	Child Support Fund	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 470,409	\$ 55,702	\$ 526,111
Investments	1,435,680	-	1,435,680
Receivable from other governments	<u>9,385</u>	<u>52,560</u>	<u>61,945</u>
TOTAL ASSETS	<u>\$ 1,915,474</u>	<u>\$ 108,262</u>	<u>\$ 2,023,736</u>
LIABILITIES			
Accounts payable	<u>\$ 24,060</u>	<u>\$ 28,497</u>	<u>\$ 52,557</u>
TOTAL LIABILITIES	<u>24,060</u>	<u>28,497</u>	<u>52,557</u>
FUND BALANCES			
Assigned	-	79,765	79,765
Unassigned	<u>1,891,414</u>	<u>-</u>	<u>1,891,414</u>
TOTAL FUND BALANCES	<u>1,891,414</u>	<u>79,765</u>	<u>1,971,179</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,915,474</u>	<u>\$ 108,262</u>	<u>\$ 2,023,736</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 1,971,179
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	36,397
Prepayments of some expenses are reported on the Statement of Net Position, however, prepayments are recognized as expenditures in the governmental funds	9,735
Advance to the Twenty-sixth Judicial District - Drug Court is reported in governmental activities, however, is not a financial resource, and therefore, not reported in the governmental funds	<u>45,000</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 2,062,311</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Governmental Funds
 Year Ended December 31, 2019

	Judicial expense fund	Child support fund	Total governmental funds
REVENUES			
Fees and fines	\$ 141,664	\$ 606,697	\$ 748,361
Investment earnings	24,010	28	24,038
Intergovernmental grants	39,895	-	39,895
Other income	2,838	-	2,838
TOTAL REVENUES	<u>208,407</u>	<u>606,725</u>	<u>815,132</u>
EXPENDITURES			
Current:			
General government			
Personnel service & benefits	175,651	228,233	403,884
Travel, seminars, & conferences	11,429	12,640	24,069
Operating services	100,090	90,567	190,657
Professional services	5,875	5,875	11,750
Books & publications	25,013	28,995	54,008
Capital outlay	11,392	11,392	22,784
TOTAL EXPENDITURES	<u>329,450</u>	<u>377,702</u>	<u>707,152</u>
Excess (deficiency) of revenues over expenditures	(121,043)	229,023	107,980
OTHER FINANCING SOURCES (USES)			
Operating transfers in	282,368	-	282,368
Operating transfers out	-	(282,368)	(282,368)
TOTAL OTHER FINANCING SOURCES (USES)	<u>282,368</u>	<u>(282,368)</u>	<u>-</u>
Net change in fund balances	161,325	(53,345)	107,980
Fund balances - beginning	<u>1,730,089</u>	<u>133,110</u>	<u>1,863,199</u>
Fund balances - ending	<u>\$ 1,891,414</u>	<u>\$ 79,765</u>	<u>\$ 1,971,179</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 December 31, 2019

Amounts reported for government activities in the Statement of
 Activities are different because:

Net change in fund balances - total governmental funds (Statement E)	\$ 107,980
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 as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.	15,778
Expenses reported in the Statement of Activities that do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(3,411)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 120,347</u>

The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2019

INTRODUCTION

The Twenty-Sixth Judicial District Court - Judicial Expense Fund was established under Louisiana Revised Statutes 13:996.50, which provides for a separate fund for the receipt and disbursement of designated court fines, costs or forfeitures imposed under the law. The Judicial Expense fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District. The monies of the Twenty-Sixth Judicial District Court – Judicial Expense fund may be expended for those expenditures deemed necessary for the proper operation of the court, including necessary personnel, law library costs, court equipment and supplies, and travel expenses and fees incurred by any judge or clerk to attend seminars or conferences. No salaries may be paid to any of the judges of the Twenty-sixth Judicial District from the Judicial Expense fund.

The accounting and reporting policies of the Twenty-Sixth Judicial District Court - Judicial Expense Fund conform to generally accepted accounting principles as applicable to governmental entities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Twenty-Sixth Judicial District Court - Judicial Expense Fund (JEF) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

Governmental Accounting Standards Board (GASB) Statements establish criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government.

Based on consideration of the foregoing criteria, the Twenty-sixth Judicial District Court is deemed to be a separate reporting entity. These financial statements include only information pertaining to the transactions of the Twenty-Sixth Judicial District Court - Judicial Expense Fund. Certain units of the local government over which the Court exercises no oversight responsibility, such as the Bossier and Webster Parish Police Juries, other independently elected officials, and municipalities within the parish

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

Notes to the Financial Statements
December 31, 2019

are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Court.

C. BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements – The JEF’s basic financial statements include both government-wide (reporting the funds maintained by the JEF as a whole) and fund financial statements (reporting the JEF’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the JEF’s activities are categorized as governmental activities. The JEF does not have any business-type activities.

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The JEF’s net position is reported in two parts - invested in capital assets, net of related debt and unrestricted net position.

Fiduciary funds are excluded from the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Program revenues include 1) charges for services provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Program revenues reduce the costs of the function to be financed from the District’s general revenues. Charges for services are primarily derived from the fines and fees collected from government agencies. Operating grants and contributions consist of grants from various government agencies, and expense reimbursements from judges. Interest income and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expense - Indirect expenses not allocated to functions are reported separately in the Statement of Activities. The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included as a direct expense of each function.

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

Fund Financial Statements – The financial transactions of the JEF are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing

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accounts that comprise its assets, liabilities, deferred inflows/outflows, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Only the governmental fund type is used by the JEF. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financials resources) rather than upon net income. The funds of the JEF are described as follows:

- *General fund* – The General fund is the general operating fund and accounts for all activities of the JEF except those required to be accounted for in another fund.
- *Child Support fund* – This fund accounts for the fees assessed against persons owing child support to fund the administrative costs of the court system engaged in establishing or enforcing a support obligation.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus –

Government-wide financial statements - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

Fund financial statements - All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of Accounting –

Government-wide financial statements - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized

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when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, liabilities, and deferred outflows/inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund financial statements - In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when “measurable and available.” “Measurable” means that the amount of a transaction can be determined, and “available” means that an amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The JEF considers revenues to be available if they are collected within 30 days of the end of the year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues - Revenues include fines, bonds forfeited, civil fees, probate fees, and adoption fees imposed by the District courts and are recorded in the year they are collected by the District courts within the judicial district. Child support fees represent a 5% surcharge on child support payments collected within the Twenty-Sixth Judicial District and are reported when the income is available.

Interest earned on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

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

E. BUDGETS AND BUDGETARY ACCOUNTING

Annually, the Judges prepare a budget for the JEF on the cash basis of accounting. The authority to amend the budget is reserved by the Judges. Formal budget integration (in the accounting records) is employed as a management control device during the year. Appropriations lapse at year-end. Encumbrance accounting is not used by the JEF.

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For the year ended December 31, 2019, the Judges adopted budgets for the JEF and Child Support Fund (CSF). The revenues and expenditures shown on page 14 are reconciled with the amounts reflected on the budget comparison on pages 29 & 30 as follows:

	Judicial expense fund	Child support fund	
Excess of revenues over expenditures, GAAP basis	\$ 161,325	\$ (53,345)	
To adjust for receivables	(1,594)	44,775	
To adjust for payables	<u>4,816</u>	<u>8,359</u>	
Excess (deficiency) of revenues over expenditures, Budget – Cash basis	\$ <u>164,547</u>	\$ <u>(211)</u>	
<u>Excess of expenditures over appropriations</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Child Support fund	\$ <u>330,000</u>	\$ <u>369,343</u>	\$ <u>(39,343)</u>

F. CASH AND CASH EQUIVALENTS

Cash includes all 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. Cash and cash equivalents are reported at their carrying amounts that equal fair market value.

G. INVESTMENTS

Investments are limited by R.S. 33:2955. Investments consist of time deposits with original maturities of 90 days or more. Investments in nonparticipating interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure as per GASB Statement No. 31.

The District Court has not formally adopted deposit and investment policies that limit the government’s allowable deposits and investments and address the specific types of risk to which the government is exposed.

H. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables are eliminated in the Statement of Net Position.

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I. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established since all receivables are determined to be collectible. Major receivable balances for governmental activities include amounts due from the Parish Clerk of Courts and Sheriff Departments for collection of court costs, fines and other fees. Receivables are included in the fund financial statements if they are both measurable and available.

J. PREPAID ASSETS

Advance payments for software assurance licenses, dues, and insurance are expensed as the period on the contract or policy lapses. The balance in prepaid assets reflects costs applicable to future accounting periods and is recognized in the government-wide financial statements.

K. CAPITAL ASSETS

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was donated, it is recorded at its acquisition value at the date of donation. 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 calculated on a straight-line basis over the following estimated useful lives:

Equipment, including software	5-10 years
Furniture and fixtures	10-20 years
Office renovations	10-20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition. Capital assets reported herein include only those assets purchased by the JEF or donated to the JEF, and do not reflect assets of the court obtained from other sources.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The Court has no items that qualify for reporting in this category.

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In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Court has no items that qualify for reporting in this category.

M. FUND BALANCE

Governmental fund equity is called the fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly-defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Fund balance of the JEF has been classified into the following categories:

Non-spendable: Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted: Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: Fund balance that can only be used for specific purposes determined by the Judges of the District, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Judges remove or change the specified use by taking the same type of action it employed to previously commit the funds.

Committed fund balance is established, modified or rescinded by either a policy of the District or motions passed at a District meeting formally committing the funds. The motions passed are usually the result of budget revisions.

Assigned - Amounts that are constrained for a specific purpose by the Judges but are not spendable until a budget ordinance is passed.

Unassigned: This classification is the residual fund balance for the General fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General fund.

When fund balance resources are available for a specific purpose, the Fund would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they

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are needed. The Judges reduce restricted balances and then unrestricted balances when expenditure is incurred for which both restricted and unrestricted fund balance is available.

N. RESTRICTED NET POSITION

When both restricted and unrestricted resources are available for use, it is the Court's policy to use restricted resources first, then unrestricted resources when expenses are incurred for a purpose for which both restricted and unrestricted net position are available.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2019, the Twenty-Sixth Judicial District Court - Judicial Expense Fund had cash and cash equivalents (book balances) of \$526,111.

At December 31, 2019, the Twenty-Sixth Judicial District Court - Judicial Expense Fund reported \$1,435,680 as investments. The investments are made up of certificates of deposit held with various banks.

These deposits are stated at cost, which approximates market. Under state law, these deposits 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.

Custodial Credit Risk – Deposits: At December 31, 2019, the Twenty-Sixth Judicial District Court - Judicial Expense Fund has \$1,961,790 in bank balances. These deposits are secured from risk by \$1,378,072 of federal deposit insurance and \$1,372,802 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Twenty-Sixth Judicial District Court - Judicial Expense Fund that the fiscal agent has failed to pay deposited funds upon demand. The District's policy does not address custodial credit risk.

Interest Rate Risk – Deposits: The District's policy does not address interest rate risk.

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3. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units reported in the Statement of Net Position as of December 31, 2019 is as follows:

LA Department of Social Services	\$ 52,560
Bossier Parish Clerk of Court	1,198
Bossier Parish Sheriff's Department	3,842
Webster Parish Sheriff's Department	4,088
Webster Parish Clerk of Court	<u>257</u>
Totals	\$ <u>61,945</u>

There is no allowance for doubtful accounts since all receivables are deemed collectible.

4. ADVANCE TO OTHER GOVERNMENT

In December 2010, the Twenty-sixth Judicial District Court advanced a total of \$45,000 from the JEF to the 26th Judicial District Drug Court to provide cash upfront to use to pay its bills while waiting for reimbursements from the Louisiana Supreme Court.

The Drug Court program operates on funding which is provided by the Louisiana Supreme Court on a reimbursement basis. The funds advanced to Drug Court allow the Drug Court program to meet its cash flow deficiency created by having to cover its monthly payroll expenses on a timely basis as requested by the Bossier Parish Police Jury before reimbursement is received from the Louisiana Supreme Court.

The amount of \$45,000 is included as an advance to other governments on the Statement of Net Position and Balance Sheet - Governmental Funds as of December 31, 2019. In the event the Drug Court program is discontinued, the \$45,000 advance will be paid immediately to the Judicial Expense fund.

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Notes to the Financial Statements
 December 31, 2019

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 is as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Equipment	\$ 370,207	\$ 22,784	\$ -	\$ 392,991
Furniture and fixtures	<u>4,621</u>	-	-	<u>4,621</u>
Totals	<u>374,828</u>	<u>22,784</u>	-	<u>397,612</u>
Accumulated depreciation				
Equipment	349,589	7,005	-	356,594
Furniture and fixtures	<u>4,621</u>	-	-	<u>4,621</u>
Totals	<u>354,210</u>	<u>7,005</u>	-	<u>361,215</u>
Capital assets, net	\$ <u>20,618</u>	\$ <u>15,779</u>	\$ -	\$ <u>36,397</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expense	\$ 3,503
Child Support	<u>3,502</u>
Total	\$ <u>7,005</u>

6. LONG-TERM DEBT

As of December 31, 2019, the JEF had no governmental long-term debt.

All of the employees of the Judicial Expense fund are considered employees of either the Bossier or Webster Parish Police Juries with the exception of the hearing officer who is part time, and a direct employee of the Judicial Expense fund. According to the Judges' office policy, there are no accumulated and vested benefits relating to annual and sick leave that requires disclosure or accrual to conform to generally accepted accounting principles.

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7. SALARY EXPENDITURES

Personnel assigned to the judiciary include the court administrator, bookkeeper, and law clerks. These personnel are paid by the two parishes of the Twenty-sixth Judicial District (Bossier and Webster parishes). The Parishes administer the payroll for all District Court employees excluding the judges and the hearing officer. The JEF reimburses Bossier Parish for the salaries and related fringe benefits of certain court employees, the Court Administrator and the Law Clerks in general.

8. PENSION PLAN

All of the JEF's full-time employees are considered employees of the Bossier and Webster Parish Police Juries and, accordingly, are enrolled by the respective Police Juries as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by a separate board of trustees. The respective Police Juries and the Judicial Expense fund do not guarantee any of the benefits granted by the System.

9. LEASES

The JEF does not have any capital leases or operating leases as of December 31, 2019.

10. LITIGATION

At December 31, 2019, the JEF was involved in a few matters involving litigation. It is the opinion of the legal advisor of the JEF that ultimate resolution of these lawsuits would not materially affect the financial statements.

11. ARRANGEMENTS WITH PARISH GOVERNMENTS

The district judges' office space, including utilities and certain office equipment and furniture, are furnished by the Bossier and Webster Parish Police Juries free of charge.

12. ARRANGEMENTS WITH OTHER GOVERNMENTS

Beginning in November 2011, the JEF entered into an agreement with the 26th Judicial District Drug Court to provide bookkeeping services to the Drug Court for a monthly fee of \$1,700.

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13. CHILD SUPPORT ENFORCEMENT FUND

Louisiana Revised Statute 46:236.5 allows any court establishing or enforcing support obligations to implement an expedited process for the establishment or enforcement of support and provides that the judges of the appropriate court shall oversee the operations of the fund and shall appoint a hearing officer to hear support and support related matters. At the end of the reporting period all residual funds from the Child Support fund are to be transferred to the general operating account of the Judicial Expense fund. At December 31, 2019, \$282,370 was recognized as a transfer to the Judicial Expense fund.

14. DEFICIT FUND BALANCE

There were no deficit fund balances for the year ended December 31, 2019.

15. SUBSEQUENT EVENTS

On March 22, 2020, to combat the spread of COVID-19 in Louisiana, Governor Edwards issued a Stay at Home Order directing all Louisiana residents to shelter at home and limit movements outside of their homes beyond essential needs. As part of this response, the Court temporarily halted and reduced operations. All governments are in the early stages of determining what impact the stay-at-home and other health safety measures will have on the economy and the fees and taxes that the governments traditionally have collected. Because of the unknown ramifications of COVID-19 and related corresponding Governor's stay-at-home orders, the exact financial impact to the Twenty-sixth Judicial District – Judicial Expense fund cannot be determined at this point. Accordingly, these financial statements do not include any adjustments for any unfavorable revenue decline.

Management has evaluated subsequent events through July 31, 2020, the date at which the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
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Budgetary Comparison Schedule - General Fund
 Judicial Expense Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
Bossier Clerk of Court	\$ 14,000	\$ 14,000	\$ 16,513	\$ 2,513
Webster Clerk of Court	5,000	5,000	4,395	(605)
Bossier Parish Sheriff	51,000	51,000	63,149	12,149
Webster Parish Sheriff	20,000	20,000	12,944	(7,056)
Webster Parish Sheriff - bond fee	30,000	30,000	22,669	(7,331)
26th Judicial District Drug Court	20,400	20,400	20,400	-
Intergovernmental:				
FINS grant	31,700	31,700	31,728	28
Webster Parish Police Jury	8,600	8,600	8,167	(433)
Interest	12,000	12,000	24,011	12,011
Reimbursed judges travel	2,500	2,500	2,838	338
Total revenues	<u>195,200</u>	<u>195,200</u>	<u>206,814</u>	<u>11,614</u>
EXPENDITURES (outflows)				
General government				
Judicial expenditures	377,820	380,820	290,523	90,297
FINS expenditures	36,000	36,000	34,112	1,888
Total expenditures	<u>413,820</u>	<u>416,820</u>	<u>324,635</u>	<u>92,185</u>
Excess (deficiency) of revenues over (under) expenditures	(218,620)	(221,620)	(117,821)	103,799
OTHER FINANCING SOURCES (USES)				
Transfer from Child Support fund	218,620	293,112	282,368	(10,744)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	71,492	164,547	93,055
Fund balance at beginning of year	<u>1,610,013</u>	<u>1,741,542</u>	<u>1,741,542</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,610,013</u>	<u>\$ 1,813,034</u>	<u>\$ 1,906,089</u>	<u>\$ 93,055</u>

TWENTY-SIXTH JUDICIAL DISTRICT COURT
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Budgetary Comparison Schedule - Special Revenue Fund
 Child Support Fund
 For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
5% Support Enforcement fee	\$ 475,000	\$ 650,000	\$ 651,472	\$ 1,472
Interest	-	-	28	28
Total revenues	<u>475,000</u>	<u>650,000</u>	<u>651,500</u>	<u>1,500</u>
EXPENDITURES (outflows)				
General government				
FINS expenditures	58,500	-	29,159	(29,159)
Child Support expenditures	<u>416,500</u>	<u>330,000</u>	<u>340,184</u>	<u>(10,184)</u>
Total expenditures	<u>475,000</u>	<u>330,000</u>	<u>369,343</u>	<u>(39,343)</u>
Excess of revenues over expenditures	-	320,000	282,157	(37,843)
OTHER FINANCING SOURCES (USES)				
Transfer to Judicial Expense fund	-	(293,112)	(282,368)	10,744
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	26,888	(211)	(27,099)
Fund balance at beginning of year	-	<u>54,517</u>	<u>54,517</u>	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 81,405</u>	<u>\$ 54,306</u>	<u>\$ (27,099)</u>

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Notes to Required Supplementary Information
on Budgetary Accounting and Control
December 31, 2019

BUDGETARY ACCOUNTING AND CONTROL

Budget Law

The JEF prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budgets for the General fund:

1. An operating budget is prepared for the General fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
3. The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
4. The General fund's budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personnel services, group benefits, supplies, contractual services, and capital outlay, etc.) Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
5. Appropriations lapse at the end of each fiscal year.

The budget for the Child Support fund is prepared and submitted in conjunction with the budget for the Judicial Expense fund.

The annual operating budgets are prepared and presented on the cash basis of accounting.

SUPPLEMENTARY INFORMATION

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
 December 31, 2019

	Judge Parker <u>Self</u>	Judge Mike <u>Nerren</u>	Judge Lane <u>Pittard</u>	Judge Mike <u>Craig</u>	Judge Charles <u>Jacobs</u>	Judge Charles <u>Smith</u>
Purpose:						
Cellphone	\$ 1,012	\$ 1,650	\$ -	\$ 1,650	\$ 1,800	\$ -
Travel/conference registration	2,133	3,358	575	1,139	4,634	-
Dues	435	585	260	445	260	260
Professional liability	2,616	2,616	1,970	3,139	2,616	-
Uniforms/cleaning	-	-	-	-	-	884
Meals	114	113	113	113	113	113
Other/Security System	2,085	-	-	-	-	-
<i>Less:</i>						
Reimbursements from Judges	<u>(1,207)</u>	<u>(1,630)</u>	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>	<u>(-)</u>
Total	<u>\$ 7,188</u>	<u>\$ 6,692</u>	<u>\$ 2,918</u>	<u>\$ 6,486</u>	<u>\$ 9,423</u>	<u>\$ 1,257</u>

OTHER REPORT

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

The Honorable Judges of the Twenty-Sixth
Judicial District Court – Judicial Expense Fund
Bossier and Webster Parishes, 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 Twenty-Sixth Judicial District Court - Judicial Expense Fund as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Twenty-Sixth Judicial District Court - Judicial Expense Fund's basic financial statements and have issued our report thereon dated July 31, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control over financial reporting (internal control) to determine the audit 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 Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court - Judicial Expense Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the fund's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Twenty-Sixth Judicial District Court - Judicial Expense Fund'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the fund'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 fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Wise Martin & Cole, LLC

Minden, Louisiana
July 31, 2020

OTHER INFORMATION

**TWENTY-SIXTH JUDICIAL DISTRICT COURT–
JUDICIAL EXPENSE FUND**
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
December 31, 2019

Section I – Internal Control and Compliance Material to the Financial Statements

The results of our auditing procedures of the basic financial statements as of and for the year ended December 31, 2019, of the Twenty-sixth Judicial District – Judicial Expense Fund disclosed no items that are required to be reported in accordance with *Government Auditing Standards*.

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2019

2018-01 Capital asset procedures

Comment: During the audit, we tested the Court's internal inventory of equipment. While a listing was provided, it was noted that the listing needed to be updated with specific information.

Status: Resolved.

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

To the Twenty-Sixth Judicial District Court – Judicial Expense Fund
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Twenty-Sixth Judicial District Court – Judicial Expense Fund (JEF) 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 JEF's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the 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.

Written policy and procedures were obtained and address all the functions above.

- 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.

Written policy and procedures were obtained and address functions (1), (2), (4) and (5). Function (3) does not apply since the Court does not use a purchase order system.

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

Written policy and procedures were obtained and address all the functions above.

- 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).

Written policy and procedures were obtained and address all the functions above.

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

Written policy and procedures were obtained and address all the functions above.

- 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

Written policy and procedures were obtained and address all the functions above.

- 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)

This procedure does not apply since the District does not have credit cards, debit cards, fuel cards or P card.

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

Written policy and procedures were obtained and address all the functions above.

- 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.

Written policy and procedures were obtained and address all the functions above.

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

This procedure does not apply since the District does not have debt.

- 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.

Written policy and procedures were obtained and address all the functions above.

Collections (Excluding ETFs)

2. 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).

Management provided the required listing and representation.

3. 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:

Management provided the required listing and representation.

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

This procedure does not apply, there are no multiple cash drawers/registers, and money is initially received through mail by the Financial Director.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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

Management asserts that all employees who have access to cash are covered by a bond.

5. Obtain a listing of client bank accounts for the fiscal period from management and managements' representation that the listing is complete. Ask management to identify the entity's main operation account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5).

Management provided the required listing and representation.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #5 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.

Sequentially numbered receipts are not used by the District.

- 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)

7. 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).

Management provided the required list and representations.

8. For each location selected under #7 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:

Listing of employees involved with the non-payroll purchasing and payment functions at the locations in #7 above was provided by the client. Also, client provided written policies and procedures relating to employee job duties.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

- 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.

Exception: Observed in 2019 the employee responsible for processing payments also given signed checks to mail.

Management's response: The 26th Judicial District Court consists of a small staff performing a variety of job duties. The Court believes it is not cost beneficial to hire additional staff to help with these functions due to the size and nature of the fund. However, the current process removes the Financial Director from the final step of mailing checks. The Court Administrator and Judges will continue to be heavily involved with daily oversight.

9. For each location selected under #7 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:

Management provided the required information and representations.

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

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

No exceptions noted.

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

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

Wise Martin & Cole, LLC

Minden, LA
July 31, 2020