

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

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 JUDICIAL EXPENSE FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Report
 Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
REQUIRED SUPPLEMENTARY INFORMATION (PART I)		
Management's Discussion and Analysis		5
BASIC FINANCIAL STATEMENTS		
<i>Government-wide Financial Statements</i>		
Statement of Net Position	A	10
Statement of Activities	B	11
<i>Fund Financial Statements</i>		
Balance Sheet – Governmental Funds	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	E	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	15
Notes to Basic Financial Statements		16
REQUIRED SUPPLEMENTARY INFORMATION (PART II)	<u>Schedules</u>	
Budgetary Comparison Schedule – General Fund	1	28
Notes to Required Supplementary Information on Budgetary Accounting and Control		30
SUPPLEMENTARY INFORMATION		
Schedule of Compensation, Benefits and Other Payments to Agency Head		32

TWENTY-SIXTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
Bossier and Webster Parishes
State of Louisiana
Annual Financial Report
Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>Page</u>
OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS	
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 <i>Government Auditing Standards</i>	34
Schedule of Current Year Audit Findings	36
OTHER INFORMATION	
Schedule of Prior Year Audit Findings	40

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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, 2017, 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 5-9 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 accompanying 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 accompanying 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 June 29, 2018, 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.

Wise Martin & Cole LLC

Minden, Louisiana

June 29, 2018

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

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, 2017, in an easily readable analysis.

FINANCIAL HIGHLIGHTS

- The assets of the JEF exceeded its liabilities at the close of 2017 by \$1,765,219.
- The General Fund's total fund revenues were \$188,286 in 2017, which were comparable to last year's revenues of \$188,694.
- The Child Support Fund's (CSF) total fund revenues were \$583,696 in 2017, an increase of 7.8% over last year's revenues of \$541,328.
- During the year ended December 31, 2017, the governmental funds, JEF and CSF had total expenses of \$292,425 and \$364,008, 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. Primarily, court costs, fines, and fees 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 a year ago, increasing from \$1,654,666 to \$1,765,219. 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>2017</u>	<u>2016</u>
Current and other assets	\$ 1,768,844	\$ 1,675,618
Capital assets	<u>28,195</u>	<u>32,263</u>
Total assets	<u>1,797,039</u>	<u>1,707,881</u>
Current liabilities	<u>31,820</u>	<u>53,215</u>
Total liabilities	<u>31,820</u>	<u>53,215</u>
Net position:		
Invested in capital assets	28,195	32,263
Unrestricted	<u>1,737,024</u>	<u>1,622,403</u>
Total net position	<u>\$ 1,765,219</u>	<u>\$ 1,654,666</u>

Net position of the JEF’s governmental activities increased overall by \$110,553. 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 \$114,621.

Table 2 - Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues:		
Program revenues		
Charges for services	\$ 710,208	\$ 671,592
Operating grants/contributions	46,598	44,911
General revenues		
Interest earned	<u>15,177</u>	<u>13,519</u>
Total revenues	<u>771,983</u>	<u>730,022</u>
Expenses:		
Judicial expense	294,730	310,467
Child support	<u>366,700</u>	<u>401,747</u>
Total expenses	<u>661,430</u>	<u>712,214</u>
Increase (decrease) in net position	110,553	17,808
Net position, beginning	<u>1,654,666</u>	<u>1,636,858</u>
Net position, ending	<u>\$ 1,765,219</u>	<u>\$ 1,654,666</u>

Total revenues were higher in 2017 compared to last year. While most collections of fees and fines were comparable to last year, there was approximately \$42,000 more in collections of fees assessed against persons owing child support.

The overall total expenses were approximately \$51,000 less this year. Overall expenses of operating the court covered with the judicial expense and child support funds, was \$51,000 less than last year.

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 comparable to last year’s revenues. The expenditures of the JEF were comparable to prior year.

As mentioned earlier, the Child Support Fund (CSF) reported approximately \$42,000 more collections of fees assessed against persons owing child support compared to prior year. Overall expenditures for court operations covered by the CSF were \$23,000 less this year.

General Fund Budgetary Highlights

The JEF adopted a budget for its general fund and each special revenue fund for the year ended December 31, 2017. During the year, two amendments were made to the general fund budget. The budgetary comparison is presented as required supplementary information and shown on pages 30-31.

The General Fund was amended to reflect the slight increase in revenues and decrease in actual expenditures as compared to what was originally budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2017, the JEF had invested \$28,195 in capital assets.

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

	<u>Governmental activities</u>	
	<u>2017</u>	<u>2016</u>
Furniture and fixtures	\$ 4,621	\$ 4,621
Equipment and software	<u>370,207</u>	<u>366,957</u>
Total capital assets	374,828	371,578
Less: accumulated depreciation	<u>(346,633)</u>	<u>(339,315)</u>
Net capital assets	<u>\$ 28,195</u>	<u>\$ 32,263</u>

During the year, \$3,250, of capital assets were acquired while depreciation for the year ended December 31, 2017, totaled \$7,318. More detailed information about the capital assets is presented in Note E to the financial statements.

DEBT

At December 31, 2017, the JEF had no outstanding bonded debt. More detailed information about the long-term obligations of the JEF is presented in Note F 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, 2018 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 2018 fiscal budget was set for total projected revenues of \$193,200 and \$475,000 for JEF and Support Enforcement, respectively. Total projected expenditures for each program/function is equivalent to its projected revenues.

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

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

**Statement of Net Position
December 31, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 318,147
Investments	1,337,738
Receivable from other governments	59,023
Advance to other government	45,000
Prepaid items	8,936
Capital assets, net of depreciation	<u>28,195</u>
 Total assets	 <u>1,797,039</u>
LIABILITIES	
Accounts payable	<u>31,820</u>
Total liabilities	<u>31,820</u>
NET POSITION	
Invested in capital assets	28,195
Unrestricted	<u>1,737,024</u>
Total net position	<u><u>\$ 1,765,219</u></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, 2017**

	General Fund - Judicial Expense Fund	Child Support Fund	Totals Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 262,281	\$ 55,866	\$ 318,147
Investments	1,337,738	-	1,337,738
Receivable from other governments	<u>9,994</u>	<u>49,029</u>	<u>59,023</u>
Total assets	<u>\$ 1,610,013</u>	<u>\$ 104,895</u>	<u>\$ 1,714,908</u>
LIABILITIES			
Accounts payable	<u>\$ 15,176</u>	<u>\$ 16,644</u>	<u>\$ 31,820</u>
Total liabilities	<u>15,176</u>	<u>16,644</u>	<u>31,820</u>
FUND BALANCES			
Unassigned	1,594,837	-	1,594,837
Assigned	<u>-</u>	<u>88,251</u>	<u>88,251</u>
Total fund balance	<u>1,594,837</u>	<u>88,251</u>	<u>1,683,088</u>
Total liabilities and fund balances	<u>\$ 1,610,013</u>	<u>\$ 104,895</u>	<u>\$ 1,714,908</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, 2017**

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 1,683,088
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	28,195
Prepayments of some expenses are reported on the Statement of Net Position, however, prepayments are recognized as expenditures in the governmental funds	8,936
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>\$ 1,765,219</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, 2017**

	<u>General fund</u>	<u>Special revenue fund</u>	
	Judicial Expense Fund	Child Support Fund	<u>Total Governmental</u>
REVENUES			
Fees and fines	\$ 126,540	\$ 583,668	\$ 710,208
Interest	15,149	28	15,177
Grants	42,665	-	42,665
Other income	3,932	-	3,932
Total revenues	<u>188,286</u>	<u>583,696</u>	<u>771,982</u>
EXPENDITURES			
General government			
Personnel service & benefits	176,630	238,393	415,023
Travel, seminars, & conferences	12,214	16,131	28,345
Operating services	76,607	82,510	159,117
Professional services	4,290	4,290	8,580
Books & publications	21,059	21,059	42,118
Capital outlay	1,625	1,625	3,250
Total expenditures	<u>292,425</u>	<u>364,008</u>	<u>656,433</u>
Excess (deficiency) of revenues over expenditures	(104,139)	219,688	115,549
OTHER FINANCING SOURCES (USES)			
Operating transfers in	204,362	-	204,362
Operating transfers out	-	(204,362)	(204,362)
Total other financing sources (uses)	<u>204,362</u>	<u>(204,362)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	100,223	15,326	115,549
Fund balance - beginning	<u>1,494,614</u>	<u>72,925</u>	<u>1,567,539</u>
Fund balance - end of year	<u>\$ 1,594,837</u>	<u>\$ 88,251</u>	<u>\$ 1,683,088</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, 2017**

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

Net change in fund balances - total governmental funds (Statement E)	\$ 115,549
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.	(4,068)
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>(928)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 110,553</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, 2017

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 for the judicial expense fund. 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 Fund, 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 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

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

Notes to the Financial Statements
December 31, 2017

Webster Parish Police Juries, other independently elected officials, and municipalities within the parish 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.

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.

Program revenues include 1) charges for services provided and 2) operating grants and contributions; 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.

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.

The net costs (by function) are normally covered by general revenue consisting of interest income.

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-

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

Notes to the Financial Statements
December 31, 2017

balancing accounts that comprise its assets, liabilities, 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.

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.

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

Notes to the Financial Statements
December 31, 2017

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 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.

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

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

Notes to the Financial Statements
December 31, 2017

exchange takes place. 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.

FINANCIAL STATEMENT AMOUNTS

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.

Investments – Investments are limited by R.S. 33:2955 and the JEF’s investment policy. 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.

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.

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 100% 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. The JEF considers revenues to be available if they are collected within 30 days of the end of the year.

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

Notes to the Financial Statements
December 31, 2017

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.

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.

Revenues – Substantially all government fund revenues are accrued. Those 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.

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

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

Notes to the Financial Statements
 December 31, 2017

employed as a management control device during the year. Appropriations lapse at year-end. Encumbrance accounting is not used by the JEF.

For the year ended December 31, 2017, the Judges adopted budgets for the JEF and Child Support Fund (CSF). The revenues and expenditures shown on page 15 are reconciled with the amounts reflected on the budget comparison on pages 30 & 31 as follows:

	Judicial Expense Fund	Child Support Fund
Excess of revenues over expenditures, GAAP basis	\$ 100,223	\$ 15,326
To adjust for receivables	1,366	(4,421)
To adjust for payables	<u>(10,334)</u>	<u>(11,542)</u>
Excess (deficiency) of revenues over expenditures, Budget – Cash basis	<u>\$ 91,255</u>	<u>\$ (637)</u>

B. CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2017, the Twenty-Sixth Judicial District Court Judicial Expense Fund had cash and cash equivalents (book balances) of \$318,147.

At December 31, 2017, the Twenty-Sixth Judicial District Court Judicial Expense Fund reported \$1,337,738 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, 2017, the Twenty-Sixth Judicial District Court Judicial Expense Fund has \$1,656,040 in bank balances. These deposits are secured from risk by \$1,302,267 of federal deposit insurance and \$2,563,464 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

Notes to the Financial Statements
December 31, 2017

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.

C. INTERGOVERNMENTAL RECEIVABLES

Amounts due from other governmental units reported in the Statement of Net Position as of December 31, 2017 is as follows:

LA Department of Social Services	\$ 49,029
Bossier Parish Clerk of Court	1,315
Bossier Parish Sheriff's Department	3,464
Webster Parish Sheriff's Department	2,571
Families in Need of Services (FINS)	<u>2,644</u>
Totals	\$ <u>59,023</u>

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

D. ADVANCE TO OTHER GOVERNMENT

In December 2010, the JEF advanced a total of \$45,000 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, 2017. In the event the Drug Court program is discontinued, the \$45,000 advance will be paid immediately to the Judicial Expense Fund.

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

Notes to the Financial Statements
 December 31, 2017

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 is as follows:

	Balance December 31, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2017</u>
Equipment	\$ 366,957	\$ 3,250	\$ -	\$ 370,207
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>371,578</u>	<u>3,250</u>	<u>-</u>	<u>374,828</u>
Accumulated depreciation				
Equipment	334,694	7,318	-	342,012
Furniture and fixtures	<u>4,621</u>	<u>-</u>	<u>-</u>	<u>4,621</u>
Totals	<u>339,315</u>	<u>7,318</u>	<u>-</u>	<u>346,633</u>
Capital assets, net	\$ <u>32,263</u>	\$ <u>(4,068)</u>	\$ <u>-</u>	\$ <u>28,195</u>

Depreciation expense was charged to governmental activities as follows:

Judicial Expense	\$ 3,659
Child Support	<u>3,659</u>
Total	<u>\$ 7,318</u>

F. LONG-TERM DEBT

As of December 31, 2017, 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 and one law clerk who both were part time, direct employees 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.

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

Notes to the Financial Statements
December 31, 2017

G. 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.

H. 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.

I. LEASES

The JEF does not have any capital leases or operating leases as of December 31, 2017.

J. LITIGATION

At December 31, 2017, 26th 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.

K. 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.

L. 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.

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

Notes to the Financial Statements
December 31, 2017

M. 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 Enforcement Fund are to be transferred to the general operating account of the Judicial Expense Fund. At December 31 2017, \$204,362 was recognized as a transfer to the Judicial Expense Fund.

N. DEFICIT FUND BALANCE

There were no deficit fund balances for the year ended December 31, 2017.

O. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 29, 2018, 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
State of Louisiana

Budgetary Comparison Schedule - General Fund
Judicial Expense Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts (Cash Basis)	Favorable (Unfavorable)
REVENUES (inflows)				
Fees and fines:				
Bossier Clerk of Court	\$ 14,000	\$ 14,000	\$ 14,435	\$ 435
Webster Clerk of Court	5,000	5,000	4,460	(540)
Bossier Parish Sheriff	51,000	51,000	50,227	(773)
Webster Parish Sheriff	20,000	20,000	17,246	(2,754)
Webster Parish Sheriff - bond fee	30,000	30,000	21,139	(8,861)
26th Judicial District Drug Court	18,000	20,400	20,400	-
Intergovernmental:				
FINS grant	31,700	31,700	34,783	3,083
Webster Parish Police Jury	8,600	8,600	7,882	(718)
Interest	10,000	10,000	15,149	5,149
Reimbursed Judges Travel	2,500	2,500	3,932	1,432
Total revenues	<u>190,800</u>	<u>193,200</u>	<u>189,653</u>	<u>(3,547)</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
General government	362,150	341,125	256,227	84,898
FINS expenditures	48,000	48,000	46,533	1,467
Total expenditures	<u>410,150</u>	<u>389,125</u>	<u>302,760</u>	<u>86,365</u>
Excess (deficiency) of revenues over (under) expenditures	(219,350)	(195,925)	(113,107)	82,818
Other financing sources (uses)				
Transfer from Child Support Fund	<u>219,350</u>	<u>204,719</u>	<u>204,362</u>	<u>(357)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	8,794	91,255	82,461
Fund balance at beginning of year	<u>1,522,296</u>	<u>1,508,282</u>	<u>1,508,282</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,522,296</u>	<u>\$ 1,517,076</u>	<u>\$ 1,599,537</u>	<u>\$ 82,461</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**

**Budgetary Comparison Schedule - Special Revenue Fund
Child Support Fund
For the Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts (Cash Basis)	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees and fines:				
5% Support Enforcement fee	\$ 475,000	\$ 580,000	\$ 579,248	\$ (752)
Interest	-	-	28	28
Total revenues	<u>475,000</u>	<u>580,000</u>	<u>579,276</u>	<u>(724)</u>
EXPENDITURES (outflows)				
Judicial Expenditures:				
FINS expenditures	76,400	68,000	65,917	2,083
Support expenditures	398,600	310,000	309,634	366
Total expenditures	<u>475,000</u>	<u>378,000</u>	<u>375,551</u>	<u>2,449</u>
Excess of revenues over expenditures	-	202,000	203,725	1,725
Other financing sources (uses)				
Transfer to Judicial Expense Fund	-	(204,719)	(204,362)	357
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(2,719)	(637)	2,082
Fund balance at beginning of year	61,584	56,503	56,503	-
Fund balance at end of year	<u>\$ 61,584</u>	<u>\$ 53,784</u>	<u>\$ 55,866</u>	<u>\$ 2,082</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 Required Supplementary Information
on Budgetary Accounting and Control
December 31, 2017

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 general 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, 2017

	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 Jeff <u>Thompson</u>
<i>Amounts paid through</i>						
<i>Judicial Expense Fund:</i>						
Cellphone	\$ 1,200	\$ 1,200	\$ -	\$ 1,000	\$ 1,200	\$ 1,200
Travel	1,274	2,195	-	576	6,424	725
Conference registration	375	700	-	1,025	750	375
Dues	595	395	110	258	220	395
Professional liability	1,728	1,728	-	1,728	1,728	1,728
 <i>Less:</i>						
Reimbursements to the Fund by the Judges	<u>(669)</u>	<u>(1,642)</u>	<u>(-)</u>	<u>(896)</u>	<u>(-)</u>	<u>(725)</u>
 <i>Total paid through the Judicial Expense Fund</i>	 <u>\$ 4,503</u>	 <u>\$ 4,576</u>	 <u>\$ 110</u>	 <u>\$ 3,691</u>	 <u>\$ 10,322</u>	 <u>\$ 3,698</u>

OTHER REPORT

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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 June 29, 2018.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described item 2017-01 in the accompanying schedule of current year findings that we consider to be a significant deficiency.

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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying schedule of current year findings as item 2017-02.

Twenty-sixth Judicial District Court – Judicial Expense Fund Response to Findings

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

Purpose of this Report

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

Wesley Martin & Cole LLC

Minden, Louisiana
June 29, 2018

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

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

December 31, 2017

2017-01 Segregation of duties

Criteria: For proper internal controls to be in place, no one person should be in the capacity of custody of the assets and the function of record keeping and reconciling those assets.

Condition: During the audit, it was noted that the same employee handles incoming checks, prepares deposit slips, has general ledger access, receives bank statements and reconciles the bank account.

Cause: The JEF is a smaller fund with monthly funding coming from the same government agencies each month, therefore, it is not considered economically feasible to hire several different employees to achieve segregation of duties. Due to limited personnel involved in the cash receipts area, the financial director has been solely responsible for all aspects of processing receipts.

Effect: Without proper segregation of duties over collections, errors or irregularities could occur and not be detected.

Recommendation:

We recommend that the court administrator and judges continue to be involved with oversight of the accounting function. Separating the closely related functions in the cash receipts system of the Judicial Expense Fund will result in much greater internal control in this particular area. To achieve this control, certain duties involving receipts should be handled by more than one member of the Twenty-sixth Judicial District Court's personnel.

Management Response: The Judges of the 26th Judicial District Court disagree with the current finding. The JEF is a smaller fund with monthly funding coming from the same few government agencies each month. No cash is collected. Thus, the Court believes that sufficient oversight by the Court Administrator and all six judges currently exists to alleviate any concern for undetected errors.

Additionally, the 26th Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. 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. The Court Administrator and Judges will continue to be heavily involved with daily oversight.

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

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

December 31, 2017

2017-02 Capital assets procedures

Criteria: Louisiana Revised Statute 24:515 B.1 requires an auditee to maintain records of equipment and any other general fixed assets which were purchased or otherwise acquired, and for which such entity is accountable. The records shall include information as to the date of purchase of such equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the equipment disposed of.

Condition: 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 certain information. Tests revealed:

- The listing did not include one item acquired in 2017, totaling \$3,250.
- Two items purchased in 2012, totaling \$1,496, were identified as tagged inventory of the Court but was not included on the Court's inventory list.
- Listing did not include amounts or dates of purchases, for items acquired in 2016 although this was identified and recommended in prior year exit conference correspondence.
- One item tested was identified as belonging to the Police Jury being accidentally tagged with a Court tag, but no notations were made on listing, to account for the Court's use of an incorrect tag.
- The organization of the listing made it difficult to determine whether all assets listed belonged to the Court, including many items without cost information. There instances where items randomly selected from the list for observation, could not be located.
- A lack of written procedures over capital assets which clearly define the Court's procedures over this area.

Cause: Lack of written procedures over capital assets to ensure inventory controls are maintained per the Court inventory policy.

Effect: Failure to identify and periodically account for assets/property exposes the Court to possible loss, theft and misuse of assets.

Recommendation: We recommend formal written procedures over capital assets be adopted to ensure the Court is able to fully comply with the statutes as well as create an organized consistent format to be used for the Court's internal inventory of capital assets.

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

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS
December 31, 2017

We recommend that the procedures adopted consider keeping up with all equipment purchased through the Judicial Expense Fund and used by the court, and identifying any outside sources of funding, such as when items are reimbursed by the Supreme Court. By including all assets over the policy threshold, and identifying the source of funding, you are able to ensure all equipment used by the Court is accounted for. The list will allow easy identification of items purchased and funded by the Supreme Court that belongs to the Supreme Court, which in the event an item is not needed, may be properly returned to the Supreme Court as surplus property.

By including all assets, and identifying the source of funding, you can minimize the risk of leaving items off, due to confusion of whether it belongs to the Judicial Expense Fund or the Supreme Court.

Reassess, revise and consolidate your current lists to make the process easier for staff to identify and also perform an annual inventory of the Court's capital assets.

Management Response: Formal written procedures will be drafted and adopted. The current inventory lists will be revised and consolidated to accurately reflect the capital assets of the Court in a clear and organized manner.

OTHER INFORMATION

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

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
December 31, 2017

Reference # and title: **2016-01 Segregation of duties**

Comment: During the audit, it was noted that the same employee handles incoming checks, prepares deposit slips, has general ledger access, receives bank statements and reconciles the bank account.

Status: Not resolved see 2017-01

WISE, MARTIN & COLE, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

601 MAIN STREET P.O. BOX 897
MINDEN, LOUISIANA 71058-0897
(318) 377-3171
FAX (318) 377-3177

MICHAEL W. WISE, C.P.A.
CARLOS E. MARTIN, C.P.A.
KRISTINE H. COLE, C.P.A.
KRISTIE K. MARTIN, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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 the Twenty-Sixth Judicial District Court – Judicial Expense Fund 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, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policy and procedures were obtained and address all of 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.

A written policy and procedure was obtained addressing function (1).

Function (2) and (3) do not apply since the Court does not use a purchase order system or requisition forms.

Function (4) and (5) were not addressed in the purchasing policy. (Exception)

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

A written policy and procedure was obtained and addresses all of the functions above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written procedures were obtained and address all of the functions.

The Court did not provide a written policy. (Exception)

- 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 but did not address the functions listed above. (Exception).

- 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 of the functions listed above except Function (5). (Exception)

- 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, and (5) monitoring card usage

The Judicial Expense fund does not use credit cards, debit cards, fuel cards, or P-cards. This procedure does not apply.

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

A written policy and procedure was obtained and addresses all of the functions listed 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.

A written policy and procedures was obtained and addresses all of the functions listed above except the requirement that all employees annually attest through signature verification that they have read the entity's ethics policy. (Exception)

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

The Court does not have debt. This procedure does not apply.

Management's response:

Purchasing: *The current policy and procedure will be amended to address controls to ensure compliance with the public bid law and the documentation required to be maintained for all bids and price quotes.*

Receipts: *The current policy will be amended.*

Payroll/Personnel: *The current policy will be amended to address functions of payroll processing.*

Contracting: *The current policy will be amended to address the monitoring process of all contracts.*

Ethics: *The current policy will be amended to include a requirement that all employees annually attest through signature verification that they have read the court's ethics policy.*

Board

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Procedure does not apply. Judges of the Twenty-sixth Judicial District Court are not required to hold open meetings and minutes of judiciary meetings are not public.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Procedure does not apply. Judges of the Twenty-sixth Judicial District Court are not required to hold open meetings and minutes of judiciary meetings are not public.

If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Procedure does not apply. Judges of the Twenty-sixth Judicial District Court are not required to hold open meetings and minutes of judiciary meetings are not public.

- b) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Procedure does not apply. Judges of the Twenty-sixth Judicial District Court are not required to hold open meetings and minutes of judiciary meetings are not public.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Management provided us with a list of bank accounts and representation that the list is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period for 2 of 3 bank accounts (checking).

Bank reconciliations for the 3rd bank account (savings) were not provided for the fiscal period. (Exception)

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations were reviewed by either the Court Administrator or Judge, however, both positions have involvement in the transactions associated with the bank account. (Exception)

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Procedure does not apply. No outstanding items older than six months were noted on bank statements tested.

Management's response: The 26th Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. 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. The Court Administrator and Judges will continue to be heavily involved with daily oversight. Future checks will be marked to indicate the date received.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided us with the required list and representation that the listing is complete.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation obtained indicates that each person responsible for collecting cash is bonded.

Written documentation obtained indicates that the person who is responsible for collecting cash is also responsible for depositing cash in the bank, for reconciling the related bank accounts, and recording the related transactions is also responsible for collecting cash. (Exception)

Step (3) does not apply, since only one employee handles collections.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Written documentation does not identify a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected. (Exception)

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There is one cash collection site for all revenue sources.

There was no information on the detail provided, such as a stamp or marking, to indicate the date the checks were received at the Benton office, therefore, we were unable to determine the exact number of days from collection to deposit. (Exception)

The number of days from receipt to deposit for each location is as follows:

<u>Location</u>	<u>Amount</u>	<u>Date of checks</u>	<u>Deposit date</u>	<u>Number of days from Collection to Deposit</u>
Judges office – Benton	\$ 735.00	03/15/17	04/11/17	Unknown
	785.00	03/31/17	04/11/17	Unknown
	1,962.50	04/03/17	04/11/17	Unknown
	5,833.50	04/06/17	04/11/17	Unknown
	25.00	04/06/17	04/11/17	Unknown
	<u>5,288.00</u>	04/06/17	04/11/17	Unknown
	<u>\$ 14,629.00</u>			
Judges office – Benton	\$ <u>56,531.70</u>	04/11/17	04/14/17	Unknown

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Copies of checks received were provided as documentation of the cash collections.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The entity does not have a formal process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections. (Exception)

Management's response: *The 26th Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. 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. The Court Administrator and Judges will continue to be heavily involved with daily oversight. Future checks will be marked to indicate the date received.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided us with the required list and representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that supporting documentation was present for all transactions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. However, we noted that supporting documentation was present for all transactions.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

We were unable to perform the above prescribed procedure for the 25 transactions because the entity does not utilize a requisition/purchase order system. We noted that supporting documentation was present for all transactions, however, not all were approved according to written procedures. 18 of 25 invoices were approved per written policy. (Exception)

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Written procedures address who's responsible for processing payments, but does not address whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system. (Exception)

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Written documentation does not specifically identify persons or positions with signatory authority and does not address whether the Court Administrator or Judges, who make final authorization for disbursements, have no responsibility for initiating or recording purchases. (Exception)

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry revealed that the unused checks are stored in a box that has a lock and requires a key to open and access is restricted to the Financial Director and Court Administrator, who both have the authority to sign checks. (Exception)

Inquiry of management provided that the Financial Director is the only person who has access to blank stock, and she is also responsible for printing checks through the system. (Exception)

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Procedure does not apply because no signature stamp is used.

Management's response: The 26th Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. 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. The Court Administrator and Judges will continue to be heavily involved with daily oversight. Future checks will be marked to indicate the date received.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management asserted that they do not have credit cards, bank debit cards, fuel cards, and P-Cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity

for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Procedure does not apply, Court does not have credit cards, bank debit cards, fuel cards, and P-cards.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Procedure does not apply, Court does not have credit cards, bank debit cards, fuel cards, and P-cards.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Procedure does not apply, Court does not have credit cards, bank debit cards, fuel cards, and P-cards.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Procedure does not apply, Court does not have credit cards, bank debit cards, fuel cards, and P-cards.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan,

pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Procedure does not apply, Court does not have credit cards, bank debit cards, fuel cards, and P-cards.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required list and representation that the listing is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Twenty-sixth Judicial District reimburses meals for judges at a per diem rate of \$118 which exceeds the GSA rates for meals and incidentals of \$64.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

2 of 3 reimbursements did not have approval signature of Court Administrator or Chief Judge on Travel Expense Report. (Exception)

For reimbursements to the Judges for meals were reimbursed using a per diem rate of \$118 per day, which exceeds the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an original itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of business purpose and individuals participating.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

For each item tested, a conference agenda/program was not included with the voucher in the documentation in accordance with written policies was provided. (Exception)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The client's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, section 14 of the Louisiana Constitution, with the exception of the per diem amounts used for meals, which exceeded IRS per diem rates. (Exception)

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

2 of 3 reimbursements did not have approval signature of Court Administrator or Chief Judge on Travel Expense Report. (Exception)

Management's response: *Judges' travel is approved by the Louisiana Supreme Court. However, all future invoices and travel vouchers will be approved per written policy. Judges are reimbursed a per diem at the rate of \$118 per day per the Supreme Court Rules Part G Sections 1(b)(iii). A conference agenda will be attached to all future travel vouchers.*

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required list and representation that the listing is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal/written contract that supports the services arrangement and the amount paid was provided.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Public bid law was not required for the contracts selected.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No documentation of solicited quotes was provided for the three vendors selected.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No amendments were noted on the written documentation provided.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Invoice and related payment complied with the terms of the contracts.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Written policy and procedures does not require board approval for contracts, grants authority to the Court Administrator. We observed Court Administrator approval of the one contract provided.

Payroll and Personnel –

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Management provided us with a listing of employees with their related salaries and management's representation that the listing is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Compensation paid to each employee during the fiscal period was made in strict accordance with the terms and conditions of the pay rate structure approved by the Court.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Pay rates were not changed during the year.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is

earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Observed that daily attendance was documented for one of the two employees. (Exception)

Each employee was considered part-time and does not accrue leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Attendance was documented and approved for one of the two employees. (Exception)

Each employee was considered part-time and does not accrue leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Each employee was considered part-time and does not accrue leave.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

One employee was terminated during the fiscal year; however, the employee did not receive a termination payment because the employee did not accrue vacation, sick, or compensatory time.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Observed documentation related to payroll taxes and noted that all but one report were submitted to the applicable agencies by the required deadline. (Exception)

Each employee was considered part-time and there is no requirement to contribute to retirement.

Management's response: *The Court has already implemented an attendance documentation system that addresses this exception. Due to a clerical oversight, the quarterly report was timely filed,*

however the quarterly payment was not. This was remedied as soon as it was noticed by the Financial Director during the bank reconciliation process. The Court does not anticipate this occurring in the future.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Procedure does not apply – Employees of the District are retired judges appointed as hearing officers subject to Code of Judicial Court and exempt from the requirement to complete ethics training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserts that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Procedure does not apply - No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Procedure does not apply -The Court did not have any outstanding debt during the fiscal year.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any mileages that continue to be received for debt that has been paid off.

Procedure does not apply -The Court did not have any outstanding debt during the fiscal year.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserts that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

On June 12, 2018, we observed the fraud notice posted on the premises. We also observed the fraud notice posted on the Court's website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

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
June 29, 2018