

**FORTY-SECOND JUDICIAL DISTRICT--
JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana**

Annual Financial Report

For the Year Ended June 30, 2017

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
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FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
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INDEPENDENT AUDITOR'S REPORT

318-872-3007

The Honorable Judge Charles B. Adams
Forty-second Judicial District Court Judicial Expense Fund
Mansfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Forty-second Judicial District Court Judicial Expense Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Judicial Expense 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Audit Guide*. Those standards require 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Forty-second Judicial District Court Judicial Expense Fund, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required and Other Supplemental Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Forty-second Judicial District Court Judicial Expense Fund's basic financial statements. The budgetary comparison schedule listed as required supplemental information (part II) in the table of contents as required by the Governmental Accounting Standards Board and the schedule of compensation, benefits and other payments to agency head or chief executive officer listed as other supplemental information in the table of contents as required by Louisiana Revised Statute 24:513(A)(3), are presented for purposes of additional analysis and are not required parts of the basic financial statements. The budgetary comparison statement and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Forty-second 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 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 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 Forty-second Judicial District Court Judicial Expense Fund's internal control over financial reporting and compliance.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 29, 2017 on the results and management's response of those procedures on pages 38 through 48.

Dees Gardner, CPAs, LLC

Mansfield, Louisiana
December 29, 2017

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana

Management's Discussion and Analysis
For the Year Ending June 30, 2017

This section of the Forty-second Judicial District - Judicial Expense Fund's (the Fund) annual financial report presents our discussion and analysis of the Fund's financial performance during the year ending June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Fund's basic financial statements and supplementary information in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Forty-second Judicial District - Judicial Expense Fund's net position increased by \$39,645 or 16.01% during the year ended June 30, 2017.

The Fund's revenues of \$516,025 for the year ending June 30, 2017, are a 0.73% increase from \$512,297 for the year ended June 30, 2016.

During the year ended June 30, 2017, the Fund had expenses of \$476,380, including depreciation, compared to \$463,264 in the year ended June 30, 2016. This reflects an increase of 2.83% during the year ended June 30, 2017.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include 1) government fund financial statements, 2) government-wide financial statements and 3) notes to the financial statements. The two types of financial statements present the Fund's financial position and results of operations from differing perspectives. A reconciliation is provided to facilitate the comparison between the governmental fund statements and the government-wide statements. The components of the financial statements are described below:

Fund Financial Statements

Fund financial statements provide detailed information regarding the Fund's most significant activities and are not intended to provide information for the Fund as a whole. Funds are accounting devices that are used to account for specific sources of revenues. Our funds are limited to its *general fund*, which is classified as a Governmental Fund. The *general fund* uses a modified accrual basis of accounting that focuses on near-term inflows, outflows, and balances of spendable resources. Assets reported by the *general fund* are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets. Unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

Government-Wide Financial Statements

The *government-wide financial statements* report information about the Fund as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. The *statement of net position* presents information of all the Fund's assets and liabilities, with the difference between the two reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating. The *statement of activities* presents information showing how the net position changed during the most recent period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplemental information*. The Fund adopts an annual budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

Other Supplemental Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of the Judicial Expense Fund's financial position. The Fund's total net position changed from a year ago, increasing from \$247,554 to \$287,199. The largest portion of the Fund's net position, \$265,822 (92.56%) as of June 30, 2017, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

The Fund continues to maintain a high level of liquidity with \$287,199 (108.04%) of the Fund's unrestricted net position invested in demand deposits with various financial institutions as of June 30, 2017. Accounts receivable decreased 2.65% from \$37,609 to \$36,614. Accounts payable decreased 0.96% from \$58,540 to \$57,980. At June 30, 2017, \$21,377 (7.44%) of the Fund's net position reflects capital assets with a historical cost of \$189,914 and accumulated depreciation of \$168,537.

A summary of the Statement of Net Position is below:

ASSETS	Governmental Activities	
	June 30, 2017	June 30, 2016
Cash and cash equivalents	\$ 222,469	\$ 147,645
LAMP account	64,719	89,167
Accounts receivable	36,614	37,609
Capital assets, net	21,377	31,673
Total Assets	<u>\$ 345,179</u>	<u>\$ 306,094</u>
LIABILITIES		
Accounts payable	\$ 57,980	\$ 58,540
Total Liabilities	<u>\$ 57,980</u>	<u>\$ 58,540</u>
NET POSITION		
Net investment in capital assets	\$ 21,377	\$ 31,673
Unrestricted	265,822	215,881
Total Net Position	<u>\$ 287,199</u>	<u>\$ 247,554</u>

An analysis of the government-wide Statement of Activities is presented as follows:

	For the year ended <u>June 30, 2017</u>	For the year ended <u>June 30, 2016</u>
Program Revenues	\$ 513,254	\$ 512,021
General Revenues	<u>2,771</u>	<u>276</u>
Total Revenues	<u>516,025</u>	<u>512,297</u>
Expenses:		
Judicial: Administrative	126,814	119,951
FINS	30,897	30,897
Probation	296,689	296,998
Restitution	<u>21,980</u>	<u>15,418</u>
Total Expenses	<u>476,380</u>	<u>463,264</u>
Increase/(Decrease) in Net Position	39,645	49,033
Net Position beginning	<u>247,554</u>	<u>198,521</u>
Net Position ending	<u><u>\$ 287,199</u></u>	<u><u>\$ 247,554</u></u>

As the accompanying presentation demonstrates, the Fund has increased its reserves by \$39,645 or 16.01% at June 30, 2017. Approximately 76% (\$389,647) of the Fund's total revenues were derived through charges for services compared to 76% (\$389,605) in the year ended June 30, 2016.

Beginning July, 2014, the DeSoto Parish Police Jury Criminal Court fund began reimbursing the Judicial Expense Fund for the Juvenile Probation Officer's Salary that they pay to the DeSoto Parish Sheriff. Total receipts for this salary reimbursement for the year end June 30, 2016 was \$90,521 or 17.54% of total revenues.

The Fund received \$33,086 (6%) and \$39,816 (8%) of its total revenues from a Louisiana state FINS grant during the years ended June 30, 2017, and June 30, 2016, respectively.

The Fund's expenses increased \$13,116 (2.83%) to \$476,380 for the year ended June 30, 2017 from \$463,264 for the year ended June 30, 2016.

FINANCIAL ANALYSIS OF THE FUND'S FUND

For the year ended June 30, 2017, differences between the government-wide presentation and the fund financial statements were due to the purchase and sales of capital assets and depreciation changes associated with capital assets.

BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Fund complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Fund's budget was amended during the year ended June 30, 2017. The actual revenues were \$98,442 (23.68%) more than the budgeted amounts and actual expenditures were \$7,180 (1.53%) more than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The Fund acquired \$2,150 of new capital assets during the year ended June 30, 2017. This was for a conference table in the newly elected judge's office.

DEBT ADMINISTRATION

For the year ended June 30, 2017, there is no debt activity and no debts are outstanding at year-end.

ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

For the fiscal year ending June 30, 2018, the following factors were considered when the budget was prepared:

- General and program revenues will remain consistent with the prior year.
- Other expenditures are expected to remain steady with the prior year.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Forty-second Judicial District – Judicial Expense Fund, DeSoto Parish, Louisiana, and seeks to demonstrate the Judicial Expense Fund's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Judge Charles Adams, P. O. Box 1299, Mansfield, Louisiana, 71052.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

STATEMENT OF NET POSITION

June 30, 2017

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 222,469
LAMP deposits	64,719
Accounts receivable	36,614
Capital assets (net)	<u>21,377</u>
TOTAL ASSETS	<u>345,179</u>
LIABILITIES	
Accounts, salaries, and other payables	5,913
Due to DeSoto Parish Sheriff	<u>52,067</u>
TOTAL LIABILITIES	<u>57,980</u>
NET POSITION	
Net investment in capital assets	21,377
Unrestricted	<u>265,822</u>
TOTAL NET POSITION	<u><u>\$ 287,199</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT B

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Administrative	\$ 126,814	\$ 285,423	\$ 90,521	\$ 249,130
Probation	296,689	86,035	-	(210,654)
FINS	30,897	-	33,086	2,189
Restitution	21,980	18,189	-	(3,791)
Total Governmental Activities	<u>\$ 476,380</u>	<u>\$ 389,647</u>	<u>\$ 123,607</u>	<u>\$ 36,874</u>
General Revenues:				
				662
				276
				1,833
				<u>2,771</u>
				39,645
				<u>247,554</u>
				<u>\$ 287,199</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

STATEMENT C

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
BALANCE SHEET, GOVERNMENTAL FUND
 June 30, 2017

		GENERAL FUND
ASSETS		
Cash and cash equivalents	\$	222,469
LAMP deposits		64,719
Accounts receivable		36,614
TOTAL ASSETS	\$	323,802
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts, salaries, and other payables	\$	5,913
Due to other governments		52,067
Total Liabilities		57,980
Fund Balances:		
Assigned		
FINS		30,275
Probation		105,413
CNF		5,700
Unassigned		124,434
Total Fund Balances		265,822
TOTAL LIABILITIES AND FUND BALANCES	\$	323,802

The notes to the financial statements are an integral part of this statement.
 See the accompanying independent auditor's report.

STATEMENT D

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2017

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

Total Fund Balances for Governmental Funds (Statement C) \$ 265,822

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the government funds. Those assets consist of:

Furniture, fixtures and equipment (\$189,914), net of accumulated depreciation (\$168,537). 21,377

Total Net Position of Governmental Activities (Statement A) \$ 287,199

STATEMENT E

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUND
For the Year Ended June 30, 2017

		GENERAL FUND
Revenues:		
Bond fees, forfeitures, and court costs	\$	285,423
Restitution collected		18,189
Probation and related fees		86,035
Intergovernmental:		
Grant - State FINS		33,086
Parish juvenile officer salary reimbursement		90,521
Miscellaneous		276
Interest earnings		662
		514,192
Total Revenues		514,192
Expenditures:		
Current:		
Judicial Administration		
Personnel and related benefits		61,739
Operating and administrative		58,648
Probation		293,624
FINS		30,000
Restitution paid to others		21,980
Capital outlays		2,150
		468,141
Total Expenditures		468,141
Excess (Deficiency) of Revenues over Expenditures before Other Financing Sources		46,051
Other Financing Sources		
Sale of assets		3,890
Total Other Financing Sources		3,890
Net change in Fund Balance		49,941
Fund balance, beginning of year		215,881
Fund balance, end of year	\$	265,822

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

STATEMENT F

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

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

Net Change in Fund Balances- Total Governmental Funds (Statement E) \$ 49,941

Governmental funds report capital outlays as expenditures and the sales price of assets as revenue. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and gain or loss on disposition of assets is recorded.

Sale proceeds for assets (\$3,890) and loss on sale of assets (\$1,833). (2,057)
Capital outlays (\$2,150) is less than depreciation (\$10,389) in the current period. (8,239)

Change in Net Assets of Governmental Activites (Statement B) \$ 39,645

NOTES TO THE FINANCIAL STATEMENTS

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2016

INTRODUCTION

The Forty-second Judicial District – Judicial Expense Fund (the Fund) was created by LSA-RS 13:996.65. The purpose of the fund is to provide sufficient funding to expedite efficient operation of the court. In general, the fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration of the court.

The Forty-second Judicial District Court (the District) was created by LSA-RS 13:477(42). The District is comprised of DeSoto Parish with the courthouse and judges offices in Mansfield. The District's purpose is general jurisdiction judgeship for the approximately 27,052 people in the parish. The voters of the parish elect the two judges of the District to six-year terms. The two elected judges, who have all general trial jurisdiction throughout the district, are Judge Charles Adams and Judge Amy McCartney. There are no full-time employees paid by the Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Forty-second Judicial District – Judicial Expense Fund have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999; Statement 63, *Financial Reporting of Deferred Outflows of Resources, and Net Position* and Statement 65, *Items Previously Reported as Assets and Liabilities*. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The significant accounting policies established in GAAP and used by the Forty-second Judicial District – Judicial Expense Fund are discussed below.

A. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established 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. For financial reporting purposes, in conformance with GASB Statement No. 14, the Forty-second Judicial District – Judicial Expense Fund includes all funds that are within the oversight responsibility of the Forty-second District Court. Based on consideration of the foregoing criteria, the Forty-second Judicial District – Judicial Expense Fund is deemed to be a separate reporting entity.

B. BASIS OF PRESENTATION

The Forty-second Judicial District – Judicial Expense Fund's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Judicial Expense Fund's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Fund are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. The minimum number of funds is maintained consistent with legal and managerial requirements.

A fund is considered major if it is the primary operating fund of the entity. The only and major fund of the Judicial Expense Fund is classified as a governmental fund and is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Fund and is used to account for the operations of the Fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Fund's policy.

C. MEASUREMENT FOCUS/ 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" revenues, expenditures, expenses, transfers of assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/ BASIS OF ACCOUNTING (continued)

Basis of Accounting

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

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

D. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. The cash includes amounts in time deposits and investments with original maturities of 90 days or less as cash equivalents. Under state law (LSA R.S. 33:2955), the Judicial Expense Fund may deposit funds with a fiscal agent organized under Louisiana law or any other state of the United States, or under the laws of the United States. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Receivables / Payables

Receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include fines and bond forfeitures. All receivables are current and therefore due within one year. Allowances are reported when accounts are proven to be uncollectible. There are no allowances reported.

Payables consist of necessary and ordinary expenses of the Fund. Due to the Sheriff is probation officer salary reimbursements payable.

Capital Assets

Capital Assets which include computer and office equipment and furniture and fixtures are reported in the government-wide financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to ten years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of net position. The Judicial Expense Fund maintains a threshold level of \$1,000 or more for capitalizing capital assets for reporting purposes.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

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

Capital assets and depreciation expenses are reported in the Statement of Net Position and Statement of Activities. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition.

Assets purchased under the FINS Grant Program are currently being accounted for by the Forty-second Judicial District – Judicial Expense Fund. However, under the provisions of the Grant contracts the assets are the property of the State of Louisiana. The State of Louisiana has instructed the Forty-second Judicial District – Judicial Expense Fund to maintain control and ownership. The State of Louisiana, Office of Social Services retains reversion rights in those assets.

Equity Classifications

Net Position

The Fund classifies net position in the government-wide financial statements, as follows:

- Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Fund's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Fund.

The Expense Fund's policy is to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

In accordance with GASB 54, the Fund classifies fund balances in governmental funds as follows:

- *Nonspendable* – Amounts that are not in spendable form (such as prepaid expenses) because they are legally and contractually required to be maintained intact.
- *Restricted* – Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.
- *Committed* – Amounts constrained by the Judicial Expense Fund itself. To be reported as committed, amounts cannot be used for any other purpose unless the Judges take the action to remove or change the constraint.
- *Assigned* – Amounts the Judicial Expense Fund intends to use for a specific purpose. Intent can be expressed by an official or body to which the governing body delegates the authority.
- *Unassigned* – All amounts not included in other spendable.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND EQUITY (continued)

The Expense Fund would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

The General Fund, the Fund's only governmental fund, has an unassigned fund balance of \$36,703.

E. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH

At June 30, 2017, the Forty-second Judicial District – Judicial Expense Fund has cash (book balances) totaling \$287,188.

Interest bearing demand deposits	\$	186,593
Demand deposits		35,876
LAMP		64,719
	\$	<u>287,188</u>

The cash of the Forty-second Judicial District – Judicial Expense Fund is subject to the following risks:

Custodial Credit Risk: Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

At June 30, 2015, the Forty-second Judicial District – Judicial Expense Fund has \$237,303 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance.

Cash held at June 30, 2017, also includes \$64,719, invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is not registered with the SEC as an investment company, but is subject to the regulatory oversight of the state treasurer and the board of directors.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2016

2. CASH (continued)

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Judicial Expense Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Fund diversifies its investments by security type and institution. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The Judicial Expense Fund complies with Louisiana Statutes (LSA R. S. 33:2955). The investments are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP is rated AAA by Standard and Poor's.

3. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2017 consists of the following:

Fines and court costs	\$	13,027
Parish salary reimbursement		<u>23,587</u>
	\$	<u><u>36,614</u></u>

4. CAPITAL ASSETS

A summary of the Forty-second Judicial District – Judicial Expense Fund's capital assets at June 30, 2017, follows:

<u>Governmental Activities:</u>	<u>Balance</u>			<u>Deletions/</u>		<u>Balance</u>
	<u>6/30/2016</u>	<u>Additions</u>		<u>Reclassifications</u>		<u>6/30/2017</u>
Capital assets, being depreciated						
Equipment	\$ 28,363	\$ -		\$ -		\$ 28,363
Computers	73,316	-		(8,616)		64,700
Furniture and fixtures	82,305	2,150		(1,854)		82,601
Vehicles	14,250	-		-		14,250
Total capital assets, being depreciated	\$ <u>198,234</u>	\$ <u>2,150</u>		\$ <u>(10,470)</u>		\$ <u>189,914</u>
Less accumulated depreciation for						
Equipment	\$ 28,364	\$ -		\$ -		\$ 28,364
Computers	45,702	7,148		(6,559)		46,291
Furniture and fixtures	81,572	391		(1,854)		80,109
Vehicles	10,923	2,850		-		13,773
Total accumulated depreciation	<u>166,561</u>	\$ <u>10,389</u>		\$ <u>(8,413)</u>		<u>168,537</u>
Total capital assets being depreciated, net	\$ <u><u>31,673</u></u>					\$ <u><u>21,377</u></u>

Depreciation expense of \$10,389 for the year ended June 30, 2017, was charged to the following functions:

Administrative	\$ 6,427
Probation	3,065
FINS	897
	\$ <u><u>10,389</u></u>

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2016

5. JOINT VENTURE

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officers. The fund reimbursed the Sheriff's office \$201,852. Beginning July, 2014, the DeSoto Parish Police Jury Criminal Court Fund, in the form of a court order, began reimbursing the Judicial Expense Fund for the juvenile probation officer's salary only. The Police Jury reimbursed the Judicial Expense Fund \$90,521.

On November 2, 2015, the Forty-Second Judicial District – Judicial Expense Fund entered into a Cooperative Endeavor Agreement with the DeSoto Parish Clerk of Court and DeSoto Parish Police Jury to purchase an automated Jury Management System for DeSoto Parish. It was agreed the Judicial Expense Fund and the Clerk of Court would each pay 50% of the total initial cost to purchase and install the system, and the DeSoto Parish Police Jury will pay the annual technical support.

6. LITIGATION

Management has advised that there is no litigation pending against the Forty-second Judicial District—Judicial Expense Fund at June 30, 2017.

7. EXPENDITURES OF THE JUDICIAL EXPENSE FUND PAID BY OTHERS

The accompanying financial statements do not include certain salary or administrative expenditures of the District Court paid out of the funds of the DeSoto Parish Police Jury or directly by the State.

8. SUBSEQUENT EVENTS

Management has performed an evaluation of the Judicial Expense Fund's activities through December 30, 2017, and has concluded that there are two significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued. One of the Judicial Expense Fund's main sources of revenue, approximately 47% for the year ended June 30, 2017, is derived from court fees primarily generated from the Local Agency Compensated Enforcement (LACE) Program executed by the DeSoto Parish Sheriff, Louisiana State Police, and the City of Mansfield in the Forty-second Judicial District and administered by the DeSoto Parish District Attorney. The DeSoto Parish Sheriff ceased participating in the LACE program in June, 2017. The Louisiana State Police announced on November 8, 2017 they were suspending their LACE program state-wide for an undetermined period. These events will decrease the local revenues of the Judicial Expense Fund.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana
BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues:				
Bond fees, forfeitures, and court costs	\$ 253,828	\$ 287,560	\$ 285,423	\$ (2,137)
Restitution collected	17,040	18,190	18,189	(1)
Probation and related fees	113,638	82,603	86,035	3,432
Intergovernmental:				
Grant - State FINS	39,816	26,450	33,086	6,636
Parish juvenile officer salary reimbursement	-	-	90,521	90,521
Miscellaneous	-	294	276	(18)
Interest earnings	274	653	662	9
	<u>424,596</u>	<u>415,750</u>	<u>514,192</u>	<u>98,442</u>
Total Revenues				
Expenditures:				
Current:				
Administrative				
Personnel and related benefits	41,485	57,363	61,739	(4,376)
Operating and administrative	53,803	55,206	58,648	(3,442)
Probation	94,000	292,162	293,624	(1,462)
FINS	30,000	30,000	30,000	-
Restitution paid to others	18,560	22,020	21,980	40
Capital outlays	6,300	4,210	2,150	2,060
	<u>244,148</u>	<u>460,961</u>	<u>468,141</u>	<u>(7,180)</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	180,448	(45,211)	46,051	91,262
Other Financing Sources				
Sale of assets	-	-	3,890	3,890
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>3,890</u>
Net change in Fund Balance	180,448	(45,211)	49,941	(95,152)
Fund balance, beginning of year	215,881	215,881	215,881	-
Fund balance, end of year	<u>\$ 396,329</u>	<u>\$ 170,670</u>	<u>\$ 265,822</u>	<u>\$ (95,152)</u>

The accompanying notes are an integral part of the financial statements.
 See the independent auditor's report.

FORTY-SECOND JUDICIAL DISTRICT – JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE

As of and for the Year Ended June 30, 2017

Budgetary Information

The Forty-second Judicial District –Judicial Expense Fund’s budget is prepared in accordance with accounting principles generally accepted in the United States of America.

The Louisiana Local Government Budget Act provides that “the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year.” The “total estimated funds available” is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. The budget comparison schedule presents the original adopted budget and the final amended budget.

Budgeted revenues did not exceeded actual revenues. Actual expenditures exceeded budgeted expenditures by less than a five percent variance. The budget was amended during the year ended June 30, 2017. The Judicial Expense Fund is in compliance with the Louisiana Local Government Budget Act.

The Forty-second Judicial District –Judicial Expense Fund’s follows these budget procedures:

The Chief Judge prepares a proposed budget for the fund on the modified accrual basis of accounting. Due to the uncertainties of the budgeting, at least one of the judges is involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year. Per R.S. 39:1307, the budget is to be made available for public inspection prior to the 15th day of the new fiscal year by a public hearing. At least ten days prior to the public hearing, a notice is published that a public meeting is to be held, including the date, time, and place of the hearing.

OTHER SUPPLEMENTAL INFORMATION

**FORTY-SECOND JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
DeSoto Parish, Louisiana**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the Year Ended June 30, 2017

Charles B. Adams, Chief Judge

Purpose:		
Salary	\$	-
Benefits- Insurance		7,053
Benefits- retirement		-
Benefits- other		1,728
Car Allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		750
Conference travel		55
Continuing professional education fees		-
Cellphone and internet		-
Dues		239
Meals		103
Total	\$	<u>9,928</u>

OTHER REPORTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF

122 Jefferson Street

Maura Dees Gardner, CPA, CFE

Mansfield, LA 71052

318-872-3007

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Charles Adams, Chief Judge
Forty- Second Judicial District – Judicial Expense Fund
DeSoto Parish, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Forty-second Judicial District Court - Judicial Expense Fund, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Forty-second Judicial District Court - Judicial Expense Fund's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Forty-second Judicial District Court - Judicial Expense Fund's internal control over financial reporting 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 Forty-second Judicial District Court - Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Forty-second 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, which we consider to be material weaknesses: 2017-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Forty-second Judicial District Court - Judicial Expense Fund's, financial statements are free of material misstatement, WE performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

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 Judicial Expense Fund's internal control or on compliance. This report is an integral part of any audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 21:513 this report is a public document.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 29, 2017

FORTY-SECOND JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND

Schedule of Findings and Management's Responses
For the year ended June 30, 2017

SUMMARY OF AUDITOR'S REPORTS

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of Forty-second Judicial District Court - Judicial Expense Fund as of and for the year ended June 30, 2017, and have issued our report thereon dated December 29, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the basic financial statements as of June 30, 2017, resulted in an unmodified opinion.

REPORT ON INTERNAL CONTROL AND COMPLIANCE AND OTHER MATTERS MATERIAL TO THE FINANCIAL STATEMENTS:

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Other Matters	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Internal Control

Significant Deficiency	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Material Weakness	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

FEDERAL AWARDS

Not applicable

Part II. Findings relating to the Financial Statements which are required to be reported under *Government Auditing Standards*.

2017-01 Inadequate segregation of duties.

Criteria: Good internal control necessitates that different personnel be assigned to authorize transactions, record transactions, and maintain custody of assets.

Effect: Potentially, those in charge of governance would not be able to prevent, detect, or correct errors or fraud in a timely manner.

Finding: The Judicial Expense Fund does not have adequate segregation of functions or duties within the accounting system. One administrative employee completes the functions of making and posting bank deposits, as well as preparing and recording the checks, Bank statements and completed reconciliations are not reviewed.

Recommendation: The duties should be segregated to the extent possible to prevent both intentional and unintentional errors. Segregation includes: 1) separating transaction authorization from custody of related assets; 2) separating posting, collections, and depositing of collections; 3) separating initializing transactions from general ledger posting and maintenance; 4) separating monitoring responsibility from record-keeping. We recommended close judge supervision and independent review of the bank statements and reconciliations, in addition to adding policies and procedures to separate duties among various employees when possible. This monitoring and separation of duties used consistently can help to detect errors and/or inappropriate actions.

Management's response: In addition to the policy of a judge reviewing and initialing invoices, we will implement policies to separate duties among various employees. Another individual or individuals will be appointed to collect the payments, prepare the deposit slips and/or take the deposits to the bank. After reconciliations, one of the judged will compare them to the bank statements and general ledger and inquire about any outstanding transactions that appear out of the ordinary.

FORTY-SECOND JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND

Summary Schedule of Prior Year Findings
For the year ended June 30, 2017

2016-01 Compliance with *Local Government Budget Act*

Resolved.



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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Judge Charles B. Adams,
the Forty-Second Judicial District Court
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Forty-Second Judicial District Court 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 July 1, 2016 through June 30, 2017. The District'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.
The entity did not have written policies and procedures to address the functions noted 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.
The entity did not have written policies and procedures to address the functions noted above.
 - c) **Disbursements**, including processing, reviewing, and approving.
The entity did not have written policies and procedures to address the functions noted above.
 - d) **Receipts**, including receiving, recording, and preparing deposits
The entity did not have written policies and procedures to address the functions noted above.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
The entity did not have written policies and procedures to address the functions noted above.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Entity did not have written policies and procedures to address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The entity did not have written policies and procedures to address the functions noted above.

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

The entity did not have written policies and procedures to address the functions noted 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. Note: Ethics requirements are not applicable to nonprofits.

The entity did not have written policies and procedures to address the functions noted above.

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

The entity did not have written policies and procedures to address the functions noted above.

Management response: Management plans to approve and adopt the written policy and procedures noted above.

Board (or Finance Committee, if applicable)

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.

The entity does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- 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).

➤ 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.

The entity does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- c) 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.

The entity does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

Bank Reconciliations

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

A listing of client bank accounts from management and management's representation that the listing was complete was obtained.

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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* 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;

Bank statements and reconciliations for all months in the fiscal period were obtained, noting the reconciliations have been prepared for all months for each of the entities four total accounts.

- 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

Bank statements and reconciliations for all months in the fiscal period were obtained, noting that evidence of management review is not present.

- 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.

Bank statements and reconciliations for all months in the fiscal period were obtained, noting that management's documentation reflecting research of reconciling items was not found for the account with items outstanding for more than 6 months.

Management Response: *Management will begin to initial and date reconciliations to clearly demonstrate review has taken place. Further, management will review procedures regarding outstanding items and make changes if warranted.*

Collections

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

A listing of cash collection locations and management's representation that the listing was complete was obtained.

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). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **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.

In the single collection location for the entity, the person responsible for collecting cash is bonded, not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account. The entity does not utilize a cash register or drawer.

- 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.

In the single collection location for the entity, there is a formal process to reconcile cash collections to the general ledger by revenue source by a person not responsible for cash collections.

- 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.

The highest (dollar) week of cash collections for the single location was obtained along with collection documentation, deposit slips, & bank statements. For the single collection location, one collection reviewed was deposited two days from collection and two collections were received by mail and were not time stamped upon receipt and cannot be confirmed but appear to have been deposited within 1-2 days.

- 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.

All collections reviewed were completely supported by documentation for each of the locations tested.

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 written policy determining completeness of collections by a person who is not responsible for collections but does have a procedure in place.

Management Response: *Management will review its procedures regarding collections and make changes that are practical and warranted. Any changes will take into consideration the staffing limitations of the Judicial Expense Fund.*

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.

A listing of disbursements from management and management's representation that the listing was complete was obtained.

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.
The supporting documentation for the 25 disbursements selected was examined. No evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
The supporting documentation for the 25 disbursements selected was examined. No evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.
 - 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.
The supporting documentation for the 25 disbursements selected was examined. No evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.
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.
The person responsible for processing payments is not prohibited from adding vendors to the purchasing/disbursement system.
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.
The entity does not have written documentation that requires that the person with signatory authority or the person that makes the final authorizations for disbursements has no responsibility for initiating or recording purchases.
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.
The entity utilizes electronic check printing and an inquiry of management and a review of documentation indicated that a person with signatory authority does have system access to print checks.
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.
The entity does not have or utilize a signature stamp or signature machine. No exceptions noted with signed checks.

Management Response: Management will review current procedures for disbursements regarding system access controls, initiation and recording of purchases, and the adding of vendors to the system. This review will take into consideration the size of this entity and the limitations associated therewith.

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.

Obtained 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 and management's representation that the listing was complete.

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. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

There were four credit cards active during the fiscal period, one of which was canceled during the period leaving a total of three active cards at the end of the period. Two cards were randomly selected for testing.

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.]

Monthly statements were obtained for the selected cards and no evidence was found that said statements and supporting documentation were reviewed and approved by someone other than the authorized card holder.

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

Monthly statements were obtained for the selected cards and no finance charges and/or late fees were found.

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)

All of the reviewed transactions included an original itemized receipt.

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

No exceptions were noted as a result of this procedure.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure

- 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.

No exceptions were noted as a result of this procedure.

Management Response: *As noted in section 01 above, Management will be working towards adopting formal written procedures for credit cards. Further, management will begin clearly documenting that statements are being reviewed and approved.*

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.

A listing of all travel and related expense reimbursements by person during the fiscal period was obtained. Management's representation that the listing was complete was also obtained.

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.

The entity does not have written policies relating to travel and expense reimbursements.

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:

Utilizing the listing provided by management, the three persons incurring the most travel costs during the fiscal period were selected and expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, were chosen for the largest travel expense for each person to review in detail.

- 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.

One reimbursement for a total of \$1,614.28 was found to exceed those rates established by the GSA.

- 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.]

Itemized receipts were not required because all tested items were per diem reimbursements.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
No exceptions were noted as a result of this procedure.
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
No exceptions were noted as a result of this procedure.
- 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.
No exceptions were noted as a result of this procedure.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
No evidence that each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Management Response: *Management will be working towards developing a formal written travel and expense reimbursement policy.*

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.
A listing of all contracts in effect during the fiscal period and management's representation that the listing was complete was obtained.
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:
- Utilizing the listing provided by management, the five "vendors" that were paid the most money during the fiscal period were selected.*
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
No exceptions were noted as a result of this procedure.
- 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).
No contracts reviewed were found to be subject to Louisiana Public Bid Law or Procurement Code.
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
In one instance reviewed the entity did not solicit quotes as a best practice.

- 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 to contracts noted.

- 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.

No exceptions were noted as a result of this procedure.

- 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).

This procedure is not applicable to the entity.

Management Response: *Management will be working towards developing formal written policies for contracts. Management will specifically review best practice policies regarding purchases and obtaining quotes or bids.*

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:

A listing of employees (and elected officials, if applicable) with their related salaries and management's representation that the listing was complete was obtained.

- 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.

No employment contracts or pay rate structure were noted for the entity. There was only one part-time employee during the fiscal period.

- 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.

Only one pay rate change was noted during fiscal period and written approval for the change was not noted.

- 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.)

Documentation of daily attendance was reviewed for the sole employee of entity.

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

No exceptions noted as a result of applying this procedure.

- 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.

The sole employee of entity during the fiscal period did not earn 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.

No exceptions were noted as a result of applying this procedure.

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.

No exceptions were noted as a result of applying this procedure.

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.

No exceptions were noted as a result of applying this procedure.

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 asserted 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.

No debt was issued during 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.

No debt was maintained during fiscal period.

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 millages that continue to be received for debt that has been paid off.

No debt was maintained during fiscal period.

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 has asserted 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.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The entity does not maintain a website and did not have the notice posted on its premises.

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 were observed or identified regarding management's representations in the procedures above.

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.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA

December 29, 2017