

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT
CHALMETTE, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2018

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

TABLE OF CONTENTS

December 31, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position.....	4
Statement of Activities	5
Fund Financial Statements:	
Governmental Funds Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types	8
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	9
Notes to Financial Statements	10-18
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	19
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits and Other Payments to Agency Heads.....	20
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	21-22
SCHEDULE OF FINDINGS	24-25
SCHEDULE OF PRIOR YEAR FINDINGS	26
MANAGEMENT'S CORRECTIVE ACTION PLAN	27

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFF, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
**A Professional Accounting Corporation*

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

INDEPENDENT AUDITORS' REPORT

The Honorable Robert Buckley and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court (the Court), a component unit of the St. Bernard Parish Government, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Court's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the Court, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Court's legal entity. The financial statements do not include financial data for the Court's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the Court's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, the financial position of the reporting entity of the Court as of December 31, 2018, or the changes in financial position for the year then ended. In accordance with accounting principles generally accepted in the United States of America, the Court has issued separate reporting entity financial statements for which we have issued our report dated June 27, 2019.

Unmodified Opinion

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 Court as of December 31, 2018, 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

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 19 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's financial statements. The schedule of compensation, benefits and other payments to agency heads is presented for the purpose of additional analysis and is not a required part of the financial statements.

The amounts paid by the Court included on the schedule of compensation, benefits and other payments to agency heads is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency heads 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 June 27, 2019, on our consideration of the Thirty-Fourth Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Court's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 27, 2019

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

STATEMENT OF NET POSITION

December 31, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 87,866
Investments	108,250
Accounts receivable	415
Due from other governments	15,497
Prepaid expenses	5,232
Capital assets, net of accumulated depreciation	<u>1,340</u>
TOTAL ASSETS	218,600
LIABILITIES	
Accounts payable	2,015
Payroll liabilities payable	<u>3,725</u>
TOTAL LIABILITIES	5,740
NET POSITION	
Net investment in capital assets	1,340
Restricted	42,114
Unrestricted	<u>169,406</u>
TOTAL NET POSITION	<u>\$ 212,860</u>

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Governmental Activities
Governmental Activities:				
General governmental units	\$ 326,092	\$ 215,431	\$ 38,232	\$ (72,429)
Total governmental activities	<u>\$ 326,092</u>	<u>\$ 215,431</u>	<u>\$ 38,232</u>	(72,429)
General revenues:				
Other income				<u>221</u>
Total general revenues				<u>221</u>
Change in net position				(72,208)
Net position – Beginning of the Year				<u>285,068</u>
Net position – End of the Year				<u>\$ 212,860</u>

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2018

	General Fund	FINS Fund	Pre-Trial Drug Testing	Total
ASSETS				
Cash and cash equivalents	\$ 41,268	\$ 44,076	\$ 2,522	\$ 87,866
Investments	108,250	-	-	108,250
Accounts receivable	-	-	415	415
Due from other governments	8,197	-	7,300	15,497
Prepaid expenses	5,232	-	-	5,232
TOTAL ASSETS	\$ 162,947	\$ 44,076	\$ 10,237	\$ 217,260
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,550	\$ 465	\$ -	\$ 2,015
Payroll liabilities payable	1,567	1,497	661	3,725
TOTAL LIABILITIES	3,117	1,962	661	5,740
FUND BALANCES				
Restricted	-	42,114	-	42,114
Assigned	-	-	9,576	9,576
Unassigned	159,830	-	-	159,830
TOTAL FUND BALANCES	159,830	42,114	9,576	211,520
TOTAL LIABILITIES AND FUND BALANCES	\$ 162,947	\$ 44,076	\$ 10,237	\$ 217,260

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

December 31, 2018

Total Fund Balances, Governmental Funds	\$ 211,520
---	------------

Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental capital assets, net of depreciation	<u>1,340</u>
--	--------------

Net Position of Governmental Activities	<u>\$ 212,860</u>
---	-------------------

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPES

Year Ended December 31, 2018

	<u>General Fund</u>	<u>FINS Fund</u>	<u>Pre-Trial Drug Testing</u>	<u>Total</u>
Revenues				
Court costs	\$ 194,861	\$ -	\$ -	\$ 194,861
Intergovernmental grants	-	38,232	-	38,232
Drug testing fees	-	-	20,570	20,570
Other revenues	<u>201</u>	<u>9</u>	<u>12</u>	<u>222</u>
Total Revenues	195,062	38,241	20,582	253,885
Expenditures				
General office expenditures	11,772	4,020	9,765	25,557
Salaries & related benefits	210,278	37,649	26,748	274,675
Legal & professional services	19,785	2,425	1,200	23,410
Drug testing supplies	-	-	1,990	1,990
Capital outlay	<u>-</u>	<u>-</u>	<u>1,110</u>	<u>1,110</u>
Total Expenditures	<u>241,835</u>	<u>44,094</u>	<u>40,813</u>	<u>326,742</u>
Net Change in Fund Balances	(46,773)	(5,853)	(20,231)	(72,857)
Fund Balances				
Beginning of Year	<u>206,603</u>	<u>47,967</u>	<u>29,807</u>	<u>284,377</u>
End of Year	<u>\$ 159,830</u>	<u>\$ 42,114</u>	<u>\$ 9,576</u>	<u>\$ 211,520</u>

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2018

Net Change in Fund Balances, Governmental Funds \$ (72,857)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This difference consists of:

Capital outlay	1,110
Depreciation expense	<u>(461)</u>

Change in Net Position of Governmental Activities \$ (72,208)

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NARRATIVE PROFILE

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court (the Court) was created by Act No. 47, Regular Session, 1986, R.S. 13:996.48. This Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law.

The Judges may appoint law clerks, clerical, administrative, or other personnel as they deem necessary for the operation of the Court. In addition, the Judges may use collected revenues for the purpose of establishing or maintaining a law library for the Court, or for buying, leasing, or maintaining any type of equipment, supplies, or other items necessary for the operation of the Court, or any other expenditure necessary for the proper operation of the court.

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements of the Court have been prepared in conformity with such principles.

Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for the Parish. The financial reporting entity consists of (a) primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the Parish Council provides for office space, courtrooms, and approval authority over its capital budget and therefore is fiscally dependent on the Council, the Court was determined to be a component unit of the St. Bernard Parish Council, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the St. Bernard Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial Reporting Entity - Continued

GASB Statement No. 14, as amended by GASB Statement No. 61 and GASB Statement No. 80, established criteria for determining which component units should be considered part of the Court for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Court to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Court.
2. Organizations for which the Court does not appoint a voting majority but are fiscally dependent and provide the potential for specific financial benefits to, or impose specific financial burdens on the Court.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the previous criteria, the Court has determined that the St. Bernard Parish Adult Drug Court, Inc. and the St. Bernard Parish Juvenile Drug Court, Inc. are part of the reporting entity. These component units are not included in the accompanying financial statements. Their financial statements may be obtained by request to the Court at (504) 278-4433.

Fund Accounting

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

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Accounting - Continued

Governmental Funds

Governmental funds account for all of the Court's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Court. The following are the Court's governmental funds:

General Fund - the primary operating fund of the Court, which accounts for all the operations of the Court, except for those required to be accounted for in other funds.

Families in Need of Services (FINS) Special Revenue Fund - accounts for the receipt and disbursement of funds collected for reducing the number of children who enter the juvenile justice system or the foster care system.

Pre-Trial Drug Testing Program Special Revenue Fund - accounts for the receipt and disbursement of funds collected for drug tests administered by the Court.

Measurement Focus / Basis of Accounting

Financial Statements – Government - Wide Financial Statements

The statement of net position and the statement of activities display information about the Court as a whole. These statements include all the financial activities of the Court with most of the interfund activities removed. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus / Basis of Accounting - Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The Court does not allocate indirect expenses.

Financial Statements - Governmental Funds

The amounts reflected in the General Fund, the Families in Need of Services (FINS) Special Revenue Fund and the Pre-Trial Drug Testing Program Special Revenue Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the General Fund, the Families in Need of Services (FINS) Special Revenue Fund and the Pre-Trial Drug Testing Program Special Revenue Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for any claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus / Basis of Accounting - Continued

The governmental funds use the following practices in recording revenues and expenditures:

Revenues - Revenues are generally recognized when they become measurable and available as net current position. Court costs, intergovernmental grants and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

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

Reconciliation - Explanation of differences between the governmental funds balance sheet and the government-wide statement of net position is presented on page 7 of the financial statements. Explanation of differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented on page 9 of the basic financial statements.

Budgets and Budgetary Accounting

Budgetary procedures applicable to the Court are defined in state law, Revised Statutes 39:1301-15. The Judges, as allowed by state law, did not adopt a budget for its non-judicial Special Revenue Funds. The major requirements of the Local Government Budget Act are summarized as follows:

1. The Court adopts a budget each year for the general fund.
2. The Chief Judge prepares a proposed budget and submits it to the Judges of the Court for their review.
3. A meeting is then held to review the proposed budget and formal adoption is made by majority vote of the Judges of the Court.
4. Copies of the adopted budget are kept on file for public inspection.
5. Budgetary amendments due to increase or decrease in revenues or expenditures over amounts estimated require the approval of the Judges of the Court. The general fund budget for the year ended December 31, 2018 was amended.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Budgets and Budgetary Accounting - Continued

6. All budgetary appropriations lapse at the end of each year.
7. Formal budgetary integration is not employed. Budgeted amounts included in the accompanying financial statements include the originally adopted budget amounts.

Cash, Cash Equivalents and Investments

The Court's cash and cash equivalents are considered to be cash on hand, demand deposits, interest bearing demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under state law, the Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities are 90 days or more; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments for the Court are stated at cost.

Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid assets in the government-wide financial statements and the fund financial statements.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits, including cash and investments, may not be returned to it. All of the bank balance was covered by federal depository insurance.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing assets.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets - Continued

Capital assets are recorded in the statement of net position and statement of activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the useful life of the asset. Capital assets in this report are comprised primarily of various types of equipment, which have an estimated useful life of 3 to 5 years.

Compensated Absences

There is no written policy for compensated absences. All full-time employees earn one week of annual leave. Sick leave and annual leave is noncumulative. In the governmental funds, the cost of sick leave and annual leave is recognized when payments are made to employees.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances are classified as follows:

1. Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for specific purposes determined by formal action by the Judges.
4. Assigned Fund Balance – amounts that are constrained by the Court's intent that they will be used for specific purposes.
5. Unassigned Fund Balance – all amounts not included in the other spendable classifications.

The Court considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The Court also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

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

Interfund Transactions

All interfund transactions are reported as operating transfers. Transfers are used to move amounts used to pay for accounting services and the audit of the Court between funds. Interfund transactions are eliminated in the presentation of the Government-wide Statement of Net Position and Statement of Activities.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

At December 31, 2018, the carrying amount of the Court's cash deposits and investments was \$196,116 and the bank balance was \$202,659, of which the entire amount was insured from loss by federal deposit insurance.

NOTE 3 - RISK MANAGEMENT

The Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Court has obtained liability insurance for the Judges.

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2018

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018 are as follows:

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18
Capital assets:				
Equipment	\$ 4,986	\$ 1,110	\$ -	\$ 6,096
Total capital assets	4,986	1,110	-	6,096
Less accumulated depreciation:				
Equipment	(4,295)	(461)	-	(4,756)
Total accumulated depreciation:	(4,295)	(461)	-	(4,756)
Totals	<u>\$ 691</u>	<u>\$ 649</u>	<u>\$ -</u>	<u>\$ 1,340</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Due from other governments represent amounts earned in 2018 and received in 2019.

St. Bernard Parish Clerk of Court	\$ 1,080
St. Bernard Parish Sheriff	7,117
St. Bernard Parish Adult Drug Court	7,300
Total	<u>\$ 15,497</u>

No allowance for uncollectible receivables is required at December 31, 2018.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through June 27, 2019, which is the date the financial statements were available to be issued, which corresponds with the date of the independent auditors' report. No material subsequent events have occurred since December 31, 2018 that required recognition or disclosure in the financial statements.

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

**GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL**

For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>			Variance with Final Budget- Favorable/ <u>(Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues				
Court costs	\$ 153,000	\$ 195,043	\$ 194,861	\$ (182)
Other revenues	<u>300</u>	<u>52</u>	<u>201</u>	<u>149</u>
Total Revenues	153,300	195,095	195,062	(33)
Expenditures				
General office expenditures	10,400	11,770	11,772	(2)
Salaries & related benefits	216,600	209,826	210,278	(452)
Legal & professional services	<u>26,000</u>	<u>19,785</u>	<u>19,785</u>	<u>-</u>
Total Expenditures	<u>253,000</u>	<u>241,381</u>	<u>241,835</u>	<u>(454)</u>
Net change in fund balances	(99,700)	(46,286)	(46,773)	(487)
Fund Balances - beginning of year	<u>206,603</u>	<u>206,603</u>	<u>206,603</u>	<u>-</u>
Fund Balances - end of year	<u>\$ 106,903</u>	<u>\$ 160,317</u>	<u>\$ 159,830</u>	<u>\$ (487)</u>

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEADS

For the Year Ended December 31, 2018

<u>Judge</u>	<u>Liability Insurance</u>
Kirk A. Vaughn	\$ -
Robert A. Buckley	2,616
Jeanne Nunez Juneau	2,616
Kim C. Jones	2,616
Jacques A. Sanborn	<u>2,616</u>
TOTAL	<u>\$ 10,464</u>

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFE, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
DOUGLAS W. FINEGAN, CPA, CVA
*A Professional Accounting Corporation

MARY ANNE GARCIA, CPA
WILLIAM B. HAMILTON, CPA
KATHARINE M. LASSITER, CPA
RICHARD J. RUMNEY, CPA

Members
American Institute of CPA's
Society of Louisiana CPA's

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

The Honorable Robert Buckley and Honorable Judges
Thirty-Fourth Judicial District Court
Chalmette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement 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 Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court (the Court) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements and have issued our report thereon dated June 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Court'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 Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Court's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency as Item 2018-001.

Compliance and Other Matters

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

The Court's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushman LaGrange, L.L.C.

Metairie, Louisiana
June 27, 2019

SCHEDULE OF FINDINGS

JUDICIAL CLERK'S FUND OF THE THIRTY-FOURTH JUDICIAL DISTRICT COURT

SCHEDULE OF FINDINGS

For The Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an adverse opinion due to omitted component units on the basic financial statements of the Thirty-Fourth Judicial District Court.
2. No deficiencies in internal control over financial reporting that we consider to be material weaknesses are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. A deficiency in internal control over financial reporting that we consider to be a significant deficiency is reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* and is shown below as finding 2018-001.
4. No instances of noncompliance or other matters material to the financial statements of the Court are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

SECTION II – FINANCIAL STATEMENT FINDINGS

Significant Deficiency

2018-001

Criteria:

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

Condition:

Management has chosen to engage the auditor to prepare the annual financial statements in accordance with GAAP. Under GAAP, this condition represents a significant deficiency in internal controls. AU-C Section 265 requires that we report the above condition as a control deficiency. This section does not provide exceptions to reporting deficiencies that are adequately mitigated with non audit services rendered by the auditor of deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

SCHEDULE OF FINDINGS - Continued

For The Year Ended December 31, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS - Continued

2018-001 - Continued

Cause:

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Court's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established.

Effect:

Engaging the auditor to prepare the annual financial statements in accordance with GAAP is a significant deficiency in internal control.

Recommendation:

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying AU-C 265's reporting requirements. Because prudent management requires that the potential benefit from an internal control should exceed its costs, it may not be practical to correct all the deficiencies an auditor reports under AU-C 265. As such, we do not believe that any corrective action is necessary.

Management's Corrective Action:

Management concurred with the recommendation. See management's corrective action plan.

**JUDICIAL CLERK'S FUND OF THE
THIRTY-FOURTH JUDICIAL DISTRICT COURT**

SCHEDULE OF PRIOR YEAR FINDINGS

For The Year Ended December 31, 2018

	<u>RESOLUTION</u>
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2017-001 Financial Statement Preparation	Unresolved. See current year finding at 2018-001.
SECTION II – MANAGEMENT LETTER	
N/A	



Thirty-Fourth Judicial District Court

PARISH OF ST. BERNARD
STATE OF LOUISIANA



ROBERT A. BUCKLEY
JUDGE
DIVISION "A"

Mailing Address:
1100 W. St. Bernard Hwy.
Chalmette, LA 70043
Telephone:
(504) 278-4414
Fax
(504) 278-4464

June 27, 2019

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70804-9397

Kushner LaGraize, L.L.C.
3330 W. Esplanade Avenue
Suite 100
Metairie, La 70002

Re: 34th Judicial District Response to Schedule of Findings
Year Ended December 31, 2018

The Thirty-Fourth Judicial District Court respectfully submits the following corrective action plan in connection with the audit findings for the year ended December 31, 2018.

Finding 2018-001

Condition:

Management has chosen to engage the auditor to prepare the annual financial statements in accordance with **GAAP**. Under **GAAP**, this condition represents significant deficiency in internal controls. **AU-C Section 265** requires that we report the above condition as a control deficiency. This section does not provide exceptions to reporting deficiencies that are adequately mitigated with non audit services rendered by the auditor of deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

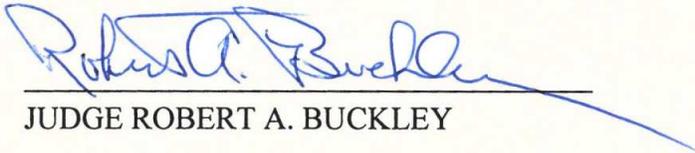
As mentioned above, whether or not it would be cost effective to cure control deficiency is not a factor in applying **AU-C 265's** reporting requirements because prudent management requires that the potential benefit from an internal control should exceed its

costs, it may not be practical to correct all deficiencies an auditor reports under AU-C 265. As such, we do not believe that any corrective action is necessary.

Management's Corrective Action:

Management concurs with the Findings and Recommendations, but notes that the District has a certified Public Account maintaining the financial records of the 34th Judicial District Clerk Fund. This fund has very limited expenditures and is primarily used to pay the salaries of the law clerks employed by the District Court. The District Court Judges have determined that the most cost effective manner would be to let auditors make the adjustments and prepare the financial statements. Accordingly, no action will be taken on the finding at this time.

Signed this 27th day of June, 2019.



JUDGE ROBERT A. BUCKLEY