

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison, and East Carroll, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2019
With Supplemental Information Schedules

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended December 31, 2019
With Supplemental Information Schedules

C O N T E N T S

Page No.

Independent Auditor's Report

3

Required Supplemental Information (Part I)

Management's Discussion and Analysis

7

Basic Financial Statements

Statement

Page No.

Government-Wide Financial Statements:

Statement of Net Position

A

11

Statement of Activities

B

12

Fund Financial Statements:

Governmental Funds:

Balance Sheet

C

13

Reconciliation of the Governmental Funds Balance Sheet to
The Financial Statement of Net Position

14

Statement of Revenues, Expenditures, and Changes in Fund Balances

D

15

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, And Changes in Fund Balances
to the Statement of Activities

16

Notes to the Financial Statements

17

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana
Contents, December 31, 2019

C O N T E N T S (CONTD.)

| | <u>Schedule</u> | <u>Page No.</u> |
|--|-----------------|-----------------|
| Required Supplemental Information (Part II): | | |
| Budget Comparison Schedule | 1 | 27 |
| Note to Budgetary Comparison Schedule | | 28 |
| Other Supplemental Schedules (Part III): | | |
| Schedule of Compensation, Benefits and Other Payments to Agency Head | 2 | 30 |
| Reports Required by Government Auditing Standards (Part IV) | | |
| Independent Auditor's Report Required by Government Auditing Standards (Part IV): | | |
| Independent Auditors Report on Compliance and Internal Control over Financial Reporting | | 33 |
| Schedule of Findings and Responses | 3 | 35 |
| Summary Schedule of Prior Audit Findings | 4 | 36 |

Member:
American Institute of
Certified Public Accountants
Society of Louisiana Certified
Public Accountants

MARY JO FINLEY, CPA, INC.
A PROFESSIONAL ACCOUNTING CORPORATION
116 Professional Drive - West Monroe, LA 71291
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

Independent Auditor's Report

HONORABLE MICHAEL E. LANCASTER
AND LAURIE BRISTER
JUDGES OF THE SIXTH JUDICIAL DISTRICT
Parishes of Tensas, Madison, and East Carroll, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and the major fund of the Sixth Judicial District Court, a component unit of the Tensas, Madison and East Carroll Parish Police Juries, as of December 31, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Judicial District Court'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 Sixth Judicial District Court'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 Sixth Judicial District Court's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and major fund information of the Sixth Judicial District Court as of December 31, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

SIXTH JUDICIAL DISTRICT COURT

Parishes of Tensas, Madison,
and East Carroll, Louisiana
Independent Auditor's Report,
December 31, 2019

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedules and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sixth Judicial District Court's office basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head on page 30 is presented for the purpose of additional analysis and is not a required part of the financial statements.

This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 my opinion, the schedule of compensation, benefits and other payments is fairly stated, in all material respects, in relation to the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated June 16, 2020, on my consideration of the Sixth Judicial District Court's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Sixth Judicial District Court's internal control over financial reporting and compliance.



West Monroe, Louisiana
June 16, 2020

REQUIRED SUPPLEMENTARY INFORMATION
PART 1

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

Management's Discussion and Analysis
December 31, 2019

As management of the Sixth Judicial District Court, we offer readers of the Sixth Judicial District Court's financial statements this narrative overview and analysis of the financial activities of the Sixth Judicial District Court for the fiscal year ended December 31, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Sixth Judicial District Court's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the district's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Sixth Judicial District Court's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Sixth Judicial District Court's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Sixth Judicial District Court is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sixth Judicial District Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Sixth Judicial District Court are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Sixth Judicial District Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Sixth Judicial District Court's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Sixth Judicial District Court exceeded liabilities by \$393,811. The Sixth Judicial District Court's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Sixth Judicial District Court to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets.

STATEMENT OF NET POSITION

| | 2019 | 2018 |
|--|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | \$381,995 | \$430,124 |
| Receivables | 17,822 | 24,266 |
| Capital assets (net of accumulated depreciation) | NONE | NONE |
| TOTAL ASSETS | <u>\$399,817</u> | <u>\$454,390</u> |
| LIABILITIES | | |
| Accounts payable | \$6,006 | \$11,305 |
| TOTAL LIABILITIES | <u>6,006</u> | <u>11,305</u> |
| NET POSITION | | |
| Invested in capital assets, net of related debt | NONE | NONE |
| Unrestricted | 393,811 | 443,085 |
| TOTAL NET POSITION | <u>\$393,811</u> | <u>\$443,085</u> |

STATEMENT OF ACTIVITIES

| | 2019 | 2018 |
|---|------------------|------------------|
| Judicial: | | |
| Personal services | \$300,922 | \$284,513 |
| Operating services | 42,195 | 44,385 |
| Materials and supplies | 17,652 | 8,063 |
| Travel | 17,940 | 15,442 |
| Depreciation expense | | 3,652 |
| Total Program Expenses | <u>378,709</u> | <u>356,055</u> |
| Program revenues: | | |
| Fees, charges, and commissions | 156,606 | 141,550 |
| Total program revenues | <u>156,606</u> | <u>141,550</u> |
| Net Program Expenses | <u>(222,103)</u> | <u>(214,505)</u> |
| General revenues | | |
| State funds | 165,316 | 168,969 |
| Interest earned | 7,513 | 4,062 |
| Total general revenues | <u>172,829</u> | <u>173,031</u> |
| Change in Net Position | <u>(49,274)</u> | <u>(41,474)</u> |
| Net Position - Beginning of year | <u>443,085</u> | <u>484,559</u> |
| Net Position - End of year | <u>\$393,811</u> | <u>\$443,085</u> |

Financial Analysis of the Government's Funds

As noted earlier, the Sixth Judicial District Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2019, the General Fund's fund balance of \$393,811 showed a decrease of \$49,274 over December 31, 2018.

General Fund Budgetary Highlights

Differences between revenues of the original budget and the final budget of the Sixth Judicial District Court were due primarily to a decrease in state funds and an increase in fees, charges and commissions and use of money and property. Differences between expenditures of the original budget and the final budget of the Sixth Judicial District Court was primarily due to increases in personal services and related benefits, materials and supplies and travel and other charges.

Capital Asset and Debt Administration

Capital assets. The Sixth Judicial District Court's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$0 (net of accumulated depreciation), assets are fully depreciated. This investment includes furniture and equipment. There were no increases or decreases for the year.

Long-term debt. The Sixth Judicial District Court's had no long term debt outstanding at December 31, 2019.

Requests for Information

This financial report is designed to provide a general overview of the Sixth Judicial District Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sixth Judicial District Court, P.O. Box 1271, Tallulah, LA 71284.

BASIC FINANCIAL STATEMENTS

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

STATEMENT OF NET POSITION
December 31, 2019

ASSETS

| | |
|--|-------------------------|
| Cash and cash equivalents | \$381,995 |
| Receivables | 17,822 |
| Capital assets (net of accumulated depreciation) | <u>NONE</u> |
| TOTAL ASSETS | <u><u>\$399,817</u></u> |

LIABILITIES

| | |
|--------------------------------|---------|
| Liabilities - accounts payable | \$6,006 |
|--------------------------------|---------|

NET POSITION

| | |
|---|-------------------------|
| Invested in capital assets, net of related debt | NONE |
| Unrestricted | <u>393,811</u> |
| TOTAL NET POSITION | <u><u>\$393,811</u></u> |

The accompanying notes are an integral part of this statement.

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

STATEMENT OF ACTIVITIES
December 31, 2019

| | |
|----------------------------------|-------------------------|
| Judicial: | |
| Personal services | \$300,922 |
| Operating services | 42,195 |
| Materials and supplies | 17,652 |
| Travel | 17,940 |
| Total Program Expenses | <u>378,709</u> |
| Program revenues: | |
| Fees, charges, and commissions | <u>156,606</u> |
| Total program revenues | <u>156,606</u> |
| Net Program Expenses | <u>(222,103)</u> |
| General revenues: | |
| State funds | 165,316 |
| Interest earned | 7,513 |
| Total general revenues | <u>172,829</u> |
| Change in Net Position | (49,274) |
| Net Position - Beginning of year | <u>443,085</u> |
| Net Position - End of year | <u><u>\$393,811</u></u> |

The accompanying notes are an integral part of this statement.

Statement C**SIXTH JUDICIAL DISTRICT COURT**
Parishes of Tensas, Madison,
and East Carroll, Louisiana**GOVERNMENTAL FUNDS**

Balance Sheet, December 31, 2019

| | <u>GENERAL FUND</u> |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$381,995 |
| Receivables | <u>17,822</u> |
| TOTAL ASSETS | <u>\$399,817</u> |
| LIABILITIES AND FUND EQUITY | |
| Liabilities - accounts payable | \$6,006 |
| Fund Equity - | |
| Unassigned | <u>393,811</u> |
| TOTAL FUND EQUITY | 393,811 |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$399,817</u> |

The accompanying notes are an integral part of this statement.

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2019

| | | |
|---|------------------|------------------|
| Total Fund Balances at December 31, 2019 - Governmental Funds (Statement C) | | <u>\$393,811</u> |
| Cost of capital assets at December 31, 2019 | \$116,751 | |
| Less: Accumulated depreciation as of December 31, 2019 | <u>(116,751)</u> | <u>NONE</u> |
| Net Position at December 31, 2019 (Statement A) | | <u>\$393,811</u> |

The accompanying notes are an integral part of this statement.

SIXTH JUDICIAL DISTRICT COURT
 Parishes of Tensas, Madison,
 and East Carroll, Louisiana
 GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
 and Changes in Fund Balances

For the Year Ended December 31, 2019

| | <u>GENERAL FUND</u> |
|--|-------------------------|
| REVENUES | |
| Intergovernmental: | |
| State funds | \$165,316 |
| Fees, charges, and commissions for services | 156,606 |
| Use of money and property - interest earnings | <u>7,513</u> |
| Total revenues | <u>329,435</u> |
| EXPENDITURES | |
| Current: | |
| General government - judicial: | |
| Personal services | 300,922 |
| Operating services | 42,195 |
| Materials and supplies | 17,652 |
| Travel and other charges | <u>17,940</u> |
| Total expenditures | <u>378,709</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (49,274) |
| FUND BALANCES AT BEGINNING OF THE YEAR | <u>443,085</u> |
| FUND BALANCES AT END OF YEAR | <u><u>\$393,811</u></u> |

The accompanying notes are an integral part of this statement.

SIXTH JUDICIAL DISTRICT COURT

Parishes of Tensas, Madison,
and East Carroll, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2019

| | |
|--|------------|
| Total net change in fund balances - governmental funds (Statement D) | (\$49,274) |
|--|------------|

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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.

| |
|-------------|
| <u>NONE</u> |
|-------------|

| |
|---|
| Change in net position of governmental activities (Statement B) |
|---|

| |
|-------------------|
| <u>(\$49,274)</u> |
|-------------------|

The accompanying notes are an integral part of this statement.

SIXTH JUDICIAL DISTRICT COURT

Parishes of Tensas, Madison,
and East Carroll, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sixth Judicial District Court of Louisiana was established by Louisiana Revised Statutes 13:1996.38 and 46:236.5. The judicial district court shall have original jurisdiction of all civil and criminal matters, including felony cases and cases involving title to immovable property, probate and succession matters, and other matters as provided by law. The Sixth Judicial District Court encompasses the parishes of Tensas, Madison, and East Carroll, Louisiana.

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A. REPORTING ENTITY

As governing authorities of the parishes, for reporting purposes, the Tensas, Madison, and East Carroll Parish Police Juries are considered separate financial reporting entities. The financial reporting entity consists of (a) the primary government (the police jury), (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.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Tensas, Madison, and East Carroll Parish Police Juries for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or

SIXTH JUDICIAL DISTRICT COURT

Parishes of Tensas, Madison,

And East Carroll, Louisiana

Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Tensas, Madison, and East Carroll Parish police juries maintain and operate the parish courthouses in which the district judge's offices are located, the Sixth Judicial District Court was determined to be a component unit of the police juries, the financial reporting entities. The accompanying financial statements present information only on the funds maintained by the Sixth Judicial District Court and do not present information on the police juries, the general government services provided by those governmental units, or the other governmental units that comprise the financial reporting entities.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Sixth Judicial District Court's basic financial statements include both government-wide (reporting the court as a whole) and fund financial statements (reporting the court's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the court are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the court.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The Sixth Judicial District Court first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using 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

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the court's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the court's general revenues.

Allocation of Indirect Expenses - The Sixth Judicial District Court reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Sixth Judicial District Court are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the Sixth Judicial District Court. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The court's current operations require the use of only governmental funds. The governmental fund type used by the district is described as follows:

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

Governmental Fund Type - Major Fund

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Sixth Judicial District Court and is used to account for the operations of the Sixth Judicial District Court's office. The various fees and charges due to the Sixth Judicial District Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sixth Judicial District Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Fees, charges, and commissions for services are recorded when the district is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded in the month earned and credited to the account.

Substantially all other revenues are recorded when they become available.

Based on the above criteria, fees, charges, and commissions for services and fines and forfeitures have been treated as susceptible to accrual.

Expenditures

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

E. CASH AND CASH EQUIVALENTS

Under state law, the district 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 principal offices in Louisiana. At December 31, 2019, the Sixth Judicial District Court has cash and cash equivalents (book balances) totaling \$381,995.

| | |
|-----------------|------------------|
| Demand deposits | \$26,207 |
| Time deposits | <u>355,788</u> |
| Total | <u>\$381,995</u> |

Custodial Credit Risk: Custodial credit 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, the 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

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Library that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Judicial District Court's name. The Judicial District Court does not have a policy concerning custodial risk.

Cash and cash equivalents (bank balances) at December 31, 2019, are secured as follows:

| | |
|---------------------------------------|------------------|
| Bank balances | <u>\$386,213</u> |
| Federal deposit insurance | \$280,424 |
| Pledged securities (uncollateralized) | <u>417,625</u> |
| Total | <u>\$698,049</u> |

F. 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 district maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the district, 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 following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|----------------------------|
| Buildings and building improvements | 20 - 40 years |
| Furniture and fixtures | 5 - 10 years |
| Vehicles | 5 - 15 years |
| Equipment | 5 - 20 years |

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

G. ANNUAL AND SICK LEAVE

Employees receive from twelve to twenty days of vacation leave each year, depending on length of service and professional status. Sick leave is earned at the rate of twelve to twenty-four days each year based on length of service, and employees may accumulate sick leave. Upon separation of service, employees are compensated for accumulated vacation leave up to a maximum of seventy hours, but are not compensated for sick leave.

At December 31, 2019, employees of the court accumulated and vested amount of employee leave benefits, computed in accordance with GASB Codification Section C60, is immaterial to the financial statements.

H. RISK MANAGEMENT

The Sixth Judicial District Court is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Sixth Judicial District Court maintains commercial insurance policies covering automobiles, workmen's compensation and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2019.

I. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

SIXTH JUDICIAL DISTRICT COURT

Parishes of Tensas, Madison,

And East Carroll, Louisiana

Notes to the Financial Statements (Continued)

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Judicial District Court or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Judicial District Court's highest level of decision-making authority.

Assigned - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

The General Fund has an unassigned fund balance of \$393,811. If applicable, the Judicial District Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
And East Carroll, Louisiana
Notes to the Financial Statements (Continued)

amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. RECEIVABLES

The following is a summary of receivables at December 31, 2019:

| <u>Class of Receivable</u> | |
|---|-----------------|
| State grant | \$10,031 |
| Fees, charges, and commissions for services | <u>7,791</u> |
| Total | <u>\$17,822</u> |

3. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings and equipment follows:

| | |
|-------------------------------|------------------|
| Balance, December 31, 2018 | \$116,751 |
| Additions | NONE |
| Deletions | <u>NONE</u> |
| Balance, December 31, 2019 | 116,751 |
| Less accumulated depreciation | <u>(116,751)</u> |
| Net Capital Assets | <u>NONE</u> |

4. PENSION PLAN

The employees of the Sixth Judicial District Court are reported in the parochial retirement system through the Madison Parish Police Jury.

5. LITIGATION AND CLAIMS

The Sixth Judicial District Court is not involved in any litigation at December 31, 2019, nor is it aware of any unasserted claims.

**6. EXPENDITURES OF THE SIXTH JUDICIAL
DISTRICT COURT NOT INCLUDED IN THE
FINANCIAL STATEMENTS**

The Sixth Judicial District Court's Madison Parish and East Carroll Parish offices are located in the parish courthouses and the Tensas Parish office is located in an office maintained by the Tensas Parish Police Jury. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Madison and East Carroll Parish Police Juries.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2019

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL (BUDGETARY BASIS) | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|--------------------|-----------------|--------------------------------|--|
| REVENUES | | | | |
| State funds | \$168,680 | \$166,080 | \$165,316 | (\$764) |
| Fees, charges and commissions for services | 144,150 | 156,960 | 156,606 | (354) |
| Use of money and property - | | | | |
| interest earnings | 3,359 | 3,621 | 7,513 | 3,892 |
| Total revenues | <u>316,189</u> | <u>326,661</u> | <u>329,435</u> | <u>2,774</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government - judicial: | | | | |
| Personal services and related benefits | 301,277 | 306,337 | 300,922 | 5,415 |
| Operating services | 28,599 | 28,613 | 42,195 | (13,582) |
| Materials and supplies | 11,775 | 14,300 | 17,652 | (3,352) |
| Travel and other charges | 19,912 | 22,580 | 17,940 | 4,640 |
| Total expenditures | <u>361,563</u> | <u>371,830</u> | <u>378,709</u> | <u>(6,879)</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (45,374) | (45,169) | (49,274) | (4,105) |
| FUND BALANCE AT BEGINNING OF YEAR | <u>95,114</u> | <u>100,092</u> | <u>443,085</u> | <u>342,993</u> |
| FUND BALANCE AT END OF YEAR | <u>\$49,740</u> | <u>\$54,923</u> | <u>\$393,811</u> | <u>\$338,888</u> |

See accompanying note to budgetary comparison schedule.

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2019

A proposed budget, prepared on the modified accrual basis of accounting, is posted at the courthouse at least ten days prior to the public hearing. A public hearing is held at the Sixth Judicial District Court's office during the month of December for comments from taxpayers. The budget is then legally adopted by the court and amended during the year, as necessary. The budget is established and controlled by the court at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and subsequent amendments.

OTHER SUPPLEMENTARY INFORMATION

PART III

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2019

MICHAEL E. LANCASTER, CHIEF JUDGE

| PURPOSE | AMOUNT |
|----------------------------------|---------------|
| Professional liability insurance | \$3,270 |

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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

HONORABLE MICHAEL E. LANCASTER
AND LAURIE BRISTER
JUDGES OF THE SIXTH JUDICIAL DISTRICT
Parishes of Tensas, Madison, and East Carroll, Louisiana

I 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 the major funds of the Sixth Judicial District Court, a component unit of the Tensas, Madison and East Carroll Parish Police Juries as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Sixth Judicial District Court's basic financial statements, and have issued my report thereon dated June 16, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Sixth Judicial District Court's internal control over financial reporting(internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sixth Judicial District Court's internal control. Accordingly, I do not express an opinion on the effectiveness of the Sixth Judicial District Court's internal control.

A *deficiency in internal control* exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

SIXTH JUDICIAL DISTRICT COURT
PARISHES OF TENSAS, MADISON
AND EAST CARROLL PARISHES
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2019

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sixth Judicial District Court's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sixth Judicial District Court'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 Sixth Judicial District Court'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.



West Monroe, Louisiana
June 16, 2020

SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2019

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Sixth Judicial District Court.
2. No instances of noncompliance material to the financial statements of the Sixth Judicial District Court were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**SIXTH JUDICIAL DISTRICT COURT
Parishes of Tensas, Madison,
and East Carroll, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2019**

There were no findings reported in the audit report for the year ended December 31, 2018.