

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
EDGARD, LOUISIANA**

Annual Financial Statements

December 31, 2017



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Independent Auditor's Report

To the Chief Judge and Judges
of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court (the Court), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court as of December 31, 2017, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 5 and the budgetary comparison information on page 27 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The schedules of compensation, benefits, and other payments to agency heads, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of compensation, benefits, and other payments to agency heads are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of compensation, benefits, and other payments to agency heads are fairly stated, in all material respects, in relation to the basic 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 21, 2018, on our consideration of the Fortieth Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA
June 21, 2018

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

This discussion and analysis of the Fortieth Judicial District Court's (the Court) financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This 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 governmental activities as a whole and present a longer-term view of the finances. The balance sheet and statement of revenues, expenditures, and changes in fund balances - governmental funds (fund financial statements) tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the operations in more detail than the government-wide financial statements by providing information about the most significant funds.

Our auditor has provided assurance in their independent auditor's report that the basic financial statements are fairly stated.

Government-Wide Financial Statements (GWFS)

One of the most important questions asked about the Court's finances is, "Is the Court as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information as a whole and about activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in it. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether the Court's financial health is improving or deteriorating.

Fund Financial Statements (FFS)

The fund financial statements provide detailed information about the most significant funds - not as a whole. Some funds are required to be established by state laws. The Fortieth Judicial District Court uses the governmental type fund. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation at the bottom of the fund financial statements, or in a separate schedule.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

The Court also uses the fiduciary type fund to account for its administration of a Cy Pres account. The fiduciary activities are reported in the statement of fiduciary net position. These funds are not available to the Court to finance its operations and, therefore, are not included in the GWFS. The Court is responsible for ensuring that the assets reported by this fund are distributed to charitable causes.

Financial Highlights

The Court's financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, assets exceeded liabilities by \$728,493 (net position).
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$11,448 including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Unrestricted net position of \$356,150, representing the portion available to maintain the continuing obligations to citizens and creditors.
 - (3) Restricted net position of \$360,895, representing the restricted resources for the Adult Drug Court, Families in Need of Services (FINS), and Juvenile Probation Funds (JPF).
- Total spending for all judicial activities was \$487,148, for the year, which was \$14,834 more than the program revenues of \$472,314 for these activities.
- The governmental funds reported total ending fund balance of \$717,045, of which \$360,895 was restricted and \$356,150 was considered unassigned. This compares to the prior year ending fund balance of \$693,049, showing an increase of \$23,996 during the current year.

Financial Analysis as a Whole

The statement of net position and the statement of activities report on only one type of activity - governmental activities. Most of the basic program and support services are reported as this type. Operating grants and contributions and criminal and civil fees finance most of these activities.

Our analysis below focuses on the net position of the governmental-type activities:

Condensed Statements of Net Position

	2017	2016	Dollar Change	Total Percent Change
Current and Other Assets	\$ 747,523	\$ 729,790	\$ 17,733	2.43%
Capital Assets	11,448	5,589	5,859	104.83%
Total Assets	758,971	735,379	23,592	3.21%
Current Liabilities	30,478	36,741	(6,263)	-17.05%
Total Liabilities	30,478	36,741	(6,263)	-17.05%
Net Investment in Capital Assets	11,448	5,589	5,859	104.83%
Restricted	360,895	323,989	36,906	11.39%
Unrestricted	356,150	369,060	(12,910)	-3.50%
Total Net Position	\$ 728,493	\$ 698,638	\$ 29,855	4.27%

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

Net position increased by \$29,855 as a result of this year's operations, which indicates that the overall financial position improved during the year. The balance in net position represents the accumulated results of all past years' operations.

Condensed Statements of Activities

	2017	2016	Dollar Change	Total Percent Change
Program Revenues				
Operating Grants and Contributions	\$ 363,723	\$ 363,777	\$ (54)	-0.01%
Charges for Services - Court Revenues	108,591	116,751	(8,160)	-6.99%
Total Program Revenues	472,314	480,528	(8,214)	-1.71%
Program Expenses				
Current	484,028	488,370	(4,342)	-0.89%
Depreciation - Unallocated	3,120	3,023	97	3.21%
Total Program Expenses	487,148	491,393	(4,245)	-0.86%
Net Program Loss	(14,834)	(10,865)	(3,969)	-36.53%
General Revenues	44,689	32,857	11,832	36.01%
Change in Net Position	29,855	21,992	7,863	35.75%
Net Position				
Beginning of the Year	698,638	676,646	21,992	3.25%
End of the Year	\$ 728,493	\$ 698,638	\$ 29,855	4.27%

Total revenues for the year in governmental activities were \$517,003 (\$472,314 in program revenues and \$44,689 in general revenues). The total cost of all judicial programs and services was \$487,148, with no new programs added this year.

Judges

Division A	Honorable Madeline Jasmine
Division B	Honorable E. Jeffrey Perilloux
Division C	Honorable J. Sterling Snowdy

Financial Analysis of Individual Funds

The Fortieth Judicial District Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps one consider whether the Court is being accountable for the resources provided to it, but may also provide more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$717,045. This reflects an increase of \$23,996. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

Some of the Changes in Major Funds

Most of the General Fund's revenue (\$108,591, or 76%) was from fees generated from criminal and civil cases. Other significant revenue of \$32,658, or 23%, was from Supreme Court reimbursements. The major expenditures in the General Fund were for library expenses (\$56,822), professional fees (\$29,825), and office supplies (\$20,331). The General Fund's fund balance of \$369,060, available at the beginning of the year, decreased by \$12,910, to end the year with an unassigned fund balance of \$356,150.

Another major fund is the Adult Drug Court Fund. Almost all of the revenue (\$315,183, or 97%) was in the form of grants from the State of Louisiana, St. John the Baptist Parish, and the federal government. The major expenditures in the Adult Drug Court Fund were for administrative services (\$202,497), drug testing and laboratory expenses (\$28,336), building rent (\$17,465), and payroll taxes (\$15,646). The beginning fund balance of \$306,058 increased by \$38,377 to end the year with a fund balance of \$344,435.

Capital Assets

The net investment in capital assets for governmental activities as of December 31, 2017 and 2016, was \$11,448 and \$5,589, respectively, as shown on the following table:

Furniture and Equipment	2017	2016
Division A	\$ 75,132	\$ 75,132
Division B	63,069	58,433
Division C	61,688	58,650
Adult Drug Court	27,484	26,179
Families in Need of Services	2,658	2,658
Juvenile Probation	4,363	4,363
Total Cost	234,394	225,415
Less: Accumulated Depreciation	222,946	219,826
Net Capital Assets	\$ 11,448	\$ 5,589
Depreciation Expense	\$ 3,120	\$ 3,023

This year, there was depreciation of \$3,120, reflecting the net decrease in capital assets. More detailed information about the capital assets is presented in Note 5 to the financial statements.

Budgets

The original budget for all funds was amended once during the year.

Economic Factors and Next Year's Budgets and Rates

The management of the Fortieth Judicial District Court has approved the 2018 budget. There are no major changes expected to the budget compared to this year's budget. Expenditures are expected to remain approximately the same since there are no changes in staffing levels or major purchases anticipated.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2017

Contacting Financial Management

This financial report is designed to provide a general overview of the Fortieth Judicial District Court's finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge Sterling Snowdy
P.O. Box 308
Edgard, LA 70049
Phone Number: 985-497-5580

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Net Position
December 31, 2017**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 417,547
Receivables	46,022
Investment in Certificates of Deposit	283,954
Capital Assets (Net of Accumulated Depreciation)	<u>11,448</u>
Total Assets	<u>758,971</u>
Liabilities	
Accounts Payable	20,548
Accrued Expenses	<u>9,930</u>
Total Liabilities	<u>30,478</u>
Net Position	
Net Investment in Capital Assets	11,448
Restricted	360,895
Unrestricted	<u>356,150</u>
Total Net Position	<u>\$ 728,493</u>

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Activities
For the Year Ended December 31, 2017**

	Governmental Activities
Program Expenses	
Public Safety - Court System	
Salaries and Related Benefits	\$ 276,285
Contractual Services	131,997
Materials and Supplies	58,975
Lodging and Registration Fees	15,378
Depreciation	3,120
Miscellaneous Expense	1,393
	<hr/>
Total Program Expenses	487,148
	<hr/>
Program Revenues	
Operating Grants and Contributions	363,723
Charges for Services - Court Revenues	108,591
	<hr/>
Total Program Revenues	472,314
	<hr/>
Net Program Expense	(14,834)
	<hr/>
General Revenues	
Supreme Court Reimbursements	32,658
Judicial Probation Fees	9,534
Interest Income	2,497
	<hr/>
Total General Revenues	44,689
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Increase in Net Position	29,855
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Net Position, Beginning of Year	698,638
	<hr/>
Net Position, End of Year	\$ 728,493
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The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Balance Sheet
Governmental Funds
December 31, 2017**

	General Fund	Special Revenue Funds		
	Judicial Expense Fund	Adult Drug Court Fund	Non- Major Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 70,210	\$ 334,561	\$ 12,776	\$ 417,547
Receivables	19,236	22,741	4,045	46,022
Due from Other Funds	150	-	-	150
Investments in Certificates of Deposit	283,954	-	-	283,954
Total Assets	\$ 373,550	\$ 357,302	\$ 16,821	\$ 747,673
Liabilities				
Accounts Payable	\$ 17,400	\$ 2,937	\$ 211	\$ 20,548
Accrued Expenses	-	9,930	-	9,930
Due to Other Funds	-	-	150	150
Total Liabilities	17,400	12,867	361	30,628
Fund Balances				
Restricted	-	344,435	16,460	360,895
Unassigned	356,150	-	-	356,150
Total Fund Balances	356,150	344,435	16,460	717,045
Total Liabilities and Fund Balances	\$ 373,550	\$ 357,302	\$ 16,821	

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.

11,448

Net Position of Governmental Activities

\$ 728,493

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017**

	<u>General Fund</u>		<u>Special Revenue Funds</u>	
	Judicial Expense Fund	Adult Drug Court Fund	Non- Major Funds	Total Governmental Funds
Revenues				
Grants	\$ -	\$ 315,183	\$ 48,540	\$ 363,723
Criminal Fees	86,787	-	-	86,787
Civil Fees	21,804	-	-	21,804
Supreme Court Reimbursements	32,658	-	-	32,658
Judicial Probation Fees	-	8,509	1,025	9,534
Interest and Miscellaneous	2,490	-	7	2,497
Total Revenues	143,739	323,692	49,572	517,003
Expenditures				
Current				
Administrative Service	-	202,497	-	202,497
Salary Reimbursement	12,185	-	45,318	57,503
Library	56,822	-	-	56,822
Professional Fees	29,825	2,175	1,550	33,550
Testing and Laboratory	-	28,336	-	28,336
Office Supplies	20,331	7,149	151	27,631
Office Rent/Lease	-	17,465	-	17,465
Payroll Taxes	-	15,646	-	15,646
Utilities	4,603	5,810	2,653	13,066
Travel Expenses	6,959	785	638	8,382
Conferences and Dues	6,793	(330)	530	6,993
Other Rent/Lease	3,806	-	-	3,806
Repairs and Maintenance	2,276	1,520	-	3,796
Jury and Court Lunches	2,850	158	-	3,008
General Insurance	-	2,452	-	2,452
Other Operating Expenses	843	347	203	1,393
Advertising and Public Relations	1,043	-	-	1,043
Supplemental Pay	639	-	-	639
Capital Outlay	7,674	1,305	-	8,979
Total Expenditures	156,649	285,315	51,043	493,007
Net Change in Fund Balances	(12,910)	38,377	(1,471)	23,996
Fund Balances				
Beginning of Year	369,060	306,058	17,931	693,049
End of Year	\$ 356,150	\$ 344,435	\$ 16,460	\$ 717,045

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 23,996
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

<u>5,859</u>

Change in Net Position of Governmental Activities	<u>\$ 29,855</u>
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The accompanying notes are an integral part of these financial statements.

FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2017

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 9,000
	<hr/>
Total Assets	<u>\$ 9,000</u>
Liabilities	
Due to Others	\$ 9,000
	<hr/>
Total Liabilities	<u>\$ 9,000</u>

The accompanying notes are an integral part of these financial statements.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 1. Description

The Fortieth Judicial District Court (the Court) was created by Act No. 52 of the 1984 regular Louisiana Legislative Session as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of St. John the Baptist Parish (the Parish). The Fortieth Judicial District is comprised of three (3) independently elected judges with six-year terms.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial principles.

Reporting Entity

The Fortieth Judicial District Court judges are independently elected officials. However, the Court is fiscally dependent on the St. John the Baptist Parish Government for office space, courtrooms, and related utility costs, as well as partial funding of salaries.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

Program Revenues - Program revenues included on the statement of activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the general revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by the 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. Other items not included among program revenues are reported instead as general revenues.

Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Separate financial statements are provided for the major governmental funds.

Judicial Expense Fund (General Fund)

The Judicial Expense Fund was created by the State of Louisiana Act No. 52, House Bill No. 39 of the 1984 Regular Legislative Session. It authorized collection from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum not to exceed fifteen dollars. In all criminal cases, there shall be collected an amount not to exceed seven dollars and fifty cents from every defendant who is convicted after a trial or other plea of guilty or who forfeits his bond. These costs are to be in addition to all other fines, costs, or forfeitures imposed by law. Act 834, Section 571.11 of the 1993 Regular Legislative Session, authorizes all judgments of bond forfeitures resulting from the posting of surety bonds in criminal proceedings in the State of Louisiana shall be collected by the district attorney. The district attorney shall distribute ten percent of all funds collected to the court fund of the parish where the bond was posted. In general, the funds may be used for any purpose or purposes connected with the incidental services or related to proper administration or function of the offices of the individual judges.

Adult Drug Court Fund

This special revenue fund receives revenue in the form of grants from the State of Louisiana, St. John the Baptist Parish, and the federal government through the Temporary Assistance for Needy Families (TANF) program.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Court in a trustee capacity. The Court maintains an agency fund to account for a Cy Pres account. The Cy Pres Fund accounts for assets held by the Court for distribution to charitable causes.

Fund Financial Statements

The Court uses funds to maintain its financial records during the year. 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. The various funds of the Court are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Court or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds.

The amounts reflected in the fund financial statements are based on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (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 sixty 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, 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 - Grants, court fines and fees, and interest are recorded when earned and measurable.

Expenditures - The major expenditures are recorded when the related liability is incurred.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

Under state law, the Court may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

The Court defines cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less when purchased.

Receivables

Receivables are recorded for reimbursement of expenditures under various state and federal programs and grants. All amounts are expected to be collected within the next twelve months. No allowance for uncollectible accounts has been established as all receivables are considered collectible.

Capital Assets

All capital assets of the Court are recorded at historical cost and are reported on the government-wide financial statements. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. All capital assets, other than land, are depreciated using the straight-line method over five to seven years.

Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. *Restricted* - consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - all other net position is reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Court's policy is to apply restricted net position first.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - consists of amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors, creditors, or citizens.
2. *Unassigned Fund Balance* - consists of all other amounts not included in other spendable classifications.

The Court considers restricted fund balances to be spent for governmental expenditures first when both restricted and unassigned resources are available.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of 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 at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Budget Policies

The Court has adopted an annual budget for its governmental funds (which include the Judicial Expense Fund, Adult Drug Court Fund, FINS Fund, and Juvenile Probation Fund) on a basis consistent with generally accepted accounting principles for all governmental funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Court. Budgeted amounts in the accompanying financial statements include all amendments. The Court does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Impact of Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement will be effective for the Court for the fiscal year ending December 31, 2020.

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be recovered. The Court does not have a deposit policy for custodial credit risk. As of December 31, 2017, Division A of the Court had a bank balance of \$101,251 exposed to custodial credit risk. As of December 31, 2017, the balance exposed to custodial credit risk was fully collateralized.

Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal no less than the amount on deposit with the fiscal agent bank. 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. The custodial bank must advertise and sell the pledged securities within ten days of being notified that the fiscal agent bank has failed to pay deposited funds upon demand.

Note 4. Receivables

The receivables at December 31, 2017, are summarized below:

Class of Receivable	Judicial Expense Fund	Adult Drug Court Fund	Non-Major Funds	Total
Intergovernmental				
Grants	\$ -	\$ 22,741	\$ 4,045	\$ 26,786
Court Costs and Fees	19,236	-	-	19,236
Total	\$ 19,236	\$ 22,741	\$ 4,045	\$ 46,022

Management considers all of the receivables outstanding at December 31, 2017 to be fully collectible. Accordingly, no provision for uncollectible accounts has been recorded.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 5. Capital Assets

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

Furniture and Equipment	Beginning Balance	Additions	Deletions	Ending Balance
Division A	\$ 75,132	\$ -	\$ -	\$ 75,132
Division B	58,433	4,636	-	63,069
Division C	58,650	3,038	-	61,688
Adult Drug Court	26,179	1,305	-	27,484
FINS	2,658	-	-	2,658
Juvenile Probation	4,363	-	-	4,363
Total Cost	225,415	8,979	-	234,394
Less: Accumulated Depreciation	219,826	3,120	-	222,946
Capital Assets, Net	\$ 5,589	\$ 5,859	\$ -	\$ 11,448

Note 6. Compensated Absences

Vacation Leave

The Judges of the Court establish vacation policies for their respective employees. All other employees generally earn vacation according to the following length of employment:

One Year of Employment	-	One Week Vacation
Two Years of Employment	-	Two Weeks Vacation
Five Years of Employment	-	Three Weeks Vacation
Fifteen Years of Employment	-	Four Weeks Vacation

In general, unused vacation time cannot be carried over from one calendar year to the next, and employees are required to use vacation time in the year earned. Upon termination, unused vacation time is paid to all employees in good standing with the Court.

Sick Leave

Employees are allocated up to eighteen days of sick leave each year based on length of employment and are allowed to carry-forward a balance of unused sick leave days no greater than ninety days; however, accumulated sick time is not paid upon termination.

At December 31, 2017, no liability has been recorded for compensated absences since management considers the balance to be immaterial.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH**

Notes to Financial Statements

Note 7. Risk Management

The Court is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters. To protect against these risks, the Court has purchased commercial or other insurance for the losses to which it is exposed.

Note 8. Pension Plans

The employees of the Court belong to the Parochial Employees' Retirement System of Louisiana (the Plan). The Plan is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Contributions to the Plan are made by St. John the Baptist Parish Government. The Court reimburses the Parish for amounts in excess of what it is required to pay.

Note 9. Operating Lease

The Court leases copier equipment for each division. These leases have been classified as operating leases and, as such, rental payments have been recorded as operating expenditures. The Division C copier and the office space for the Adult Drug Court in LaPlace, Louisiana are rented on a monthly basis without definitive lease terms; therefore, they are not included in the long-term lease schedule below.

Total rent expense for the year ended December 31, 2017, was \$21,271. Future minimum lease payments are as follows:

2018	\$ 2,732
2019	2,732
2020	2,732
2021	<u>867</u>
Total	<u>\$ 9,062</u>

Note 10. Excess Expenditures Over Appropriations

During the year ended December 31, 2017, the Court's actual expenditures of \$493,007 exceeded the budgeted expenditures of \$472,140, resulting in an unfavorable variance of \$20,867.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Governmental Funds
For the Year Ended December 31, 2017**

	Budgetary Amounts		Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Grants	\$ 417,500	\$ 316,800	\$ 363,723	\$ 46,923
Criminal Fees	115,000	65,800	86,787	20,987
Civil Fees	22,000	21,250	21,804	554
Supreme Court Reimbursements	18,000	30,285	32,658	2,373
Judicial Probation Fees	10,000	10,000	9,534	(466)
Interest and Miscellaneous	2,000	100	2,497	2,397
Total Revenues	584,500	444,235	517,003	72,768
Expenditures				
Current				
Administrative Service	200,000	192,000	202,497	(10,497)
Salary Reimbursement	59,000	54,800	57,503	(2,703)
Library	58,000	47,000	56,822	(9,822)
Professional Fees	30,000	35,000	33,550	1,450
Testing and Laboratory	22,000	24,500	28,336	(3,836)
Office Supplies	26,000	27,000	27,631	(631)
Office Rent/Lease	19,000	17,000	17,465	(465)
Payroll Taxes	16,000	15,850	15,646	204
Utilities	17,000	12,000	13,066	(1,066)
Travel Expenses	7,000	6,000	8,382	(2,382)
Conferences and Dues	7,000	11,900	6,993	4,907
Other Rent/Lease	4,000	3,450	3,806	(356)
Repairs and Maintenance	8,000	4,900	3,796	1,104
Jury and Court Lunches	2,000	2,075	3,008	(933)
General Insurance	6,000	3,260	2,452	808
Other Operating Expenses	3,500	1,455	1,393	62
Advertising and Public Relations	1,000	1,200	1,043	157
Supplemental Pay	8,000	1,250	639	611
Treatment Services	30,000	1,500	-	1,500
Taxes and Licenses	100	-	-	-
Capital Outlay	8,000	10,000	8,979	1,021
Total Expenditures	531,600	472,140	493,007	(20,867)
Net Change in Fund Balance	\$ 52,900	\$ (27,905)	23,996	\$ 51,901
Fund Balance				
Beginning of Year			693,049	
End of Year			<u>\$ 717,045</u>	

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads
For the Year Ended December 31, 2017**

Agency Head
Honorable Madeline Jasmine, Judge, Division A

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$2,218
Conference Travel	\$1,337
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads (Continued)
For the Year Ended December 31, 2017**

Agency Head
Honorable E. Jeffrey Perilloux, Judge, Division B

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$5,126
Conference Travel	\$3,839
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Heads (Continued)
For the Year Ended December 31, 2017**

Agency Head
Honorable J. Sterling Snowdy, Judge, Division C

Purpose	Amount Paid by the Court*
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Membership Dues	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$1,359
Conference Travel	\$2,281
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

* Amounts paid to the Judge by other entities such as the Louisiana Supreme Court are not required to be reported by the Court.

See independent auditor's report.

**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**

Independent Auditor's Report

To the Chief Judge and Judges
of the Fortieth Judicial District Court
St. John the Baptist Parish
Edgard, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fortieth Judicial District Court (the Court), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Fortieth Judicial District Court's basic financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fortieth 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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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



A Professional Accounting Corporation

Covington, LA
June 21, 2018

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2017**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None
Noncompliance material to financial statements noted?	None

Federal Awards

Not Applicable

Section II. Financial Statement Findings

None.

Section III. Federal Awards Findings and Questioned Costs

Not applicable.

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017**

Financial Statement Findings

None.

Federal Awards Findings and Questioned Costs

Not applicable.

AGREED-UPON PROCEDURES REPORT

Fortieth Judicial District Court

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2017 - December 31, 2017

To the Chief Judge and the Judges of the Fortieth Judicial District Court
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below which were agreed to by the Fortieth Judicial District Court (the Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 to December 31, 2017. The Court's management is responsible for those C/C areas identified in the SAUPs.

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

Our procedures and results are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts***, including receiving, recording, and preparing deposits.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: We obtained the Court's policies and procedures and noted a credit card policy and travel policy. There are no formal written policies for budgeting, purchasing, disbursements, receipts, payroll, contracting, and ethics. The Court does not have any debt.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: During the fiscal year, the judges met en banc twice. The en banc minutes included financial updates, budgets, and other non-budgetary financial information. The Court did not have a deficit during the year ended December 31, 2017.

Bank Reconciliations

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

Results: We obtained from management a listing of bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the three accounts selected, all bank reconciliations were prepared by the Court's outsourced accountant, but did not include evidence that reconciliations were reviewed.

Collections

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

Results: We obtained from management a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). For each cash collection location selected:
 - a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We selected one cash collection location for testing using the highest (dollar) month of cash collections. Employees responsible for collecting cash are not bonded. We noted that the person collecting cash is not responsible for reconciling the bank statement or for depositing or recording the transactions. The Court has a formal process to reconcile cash collections to the general ledger. While performing 6(c)(1), we noted there was no way for us to determine when the checks were received; therefore, we could not determine the number of days from receipt to deposit.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: Since the Court's revenues come from a limited number of government agencies, management's process for determining completeness is informal. The Court does not have a formal written policy specifically defined to determine completeness of all collections.

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

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

Results: We obtained from management the general ledger and management's representation that the general ledger population is complete.

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

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

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: We noted that the Court does not have a written purchasing policy. Purchase orders are not utilized. Purchases can be both initiated and approved by division judges, but all purchases made by any other personnel must be approved by a division judge. Division judges are the only authorized signors of checks. All disbursements tested were supported by appropriate invoices; however, the invoices did not contain evidence of approval (signature or initials).

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

Results: Since checks are written manually rather than by an accounting or check-writing software, this procedure is not applicable.

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

Results: We noted that the persons with signatory authority do have responsibility for initiating purchases, but not for recording purchases as this function is performed by an outsourced accountant.

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

Results: We noted that blank check stock is maintained in a locked office with access restriction.

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

Results: The Court does not use a signature stamp or machine. We noted that signed checks are returned to the secretary for mailing.

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

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

Results: We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete. There were no bank debit cards, fuel cards, or P-cards.

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

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

Results: We noted evidence that the monthly combined statement for the card selected for testing was reviewed and approved by the card holder. We noted no finance charges were assessed.

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Of the eleven charges tested, two charges were not supported by itemized receipts, and three charges did not contain documentation of the business purpose.

Travel and Expense Reimbursement

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

Results: We obtained from management the general ledger and management's representation that the general ledger population is complete.

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

Results: We obtained the Court's policies and procedures for travel. We noted no amounts in the policy that exceeded GSA rates.

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

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

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were noted in applying procedures 19a, 19b, and 19c. While performing procedure 19d, we noted that all transactions were reviewed and approved by the judge receiving reimbursement.

Contracts

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

Results: We obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the general ledger population is complete.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: For two of the five payments tested, no formal/written contract was required. For the three other payments tested, written contracts were maintained. For the largest payment from each contract, the invoice and related payment agreed to the contract terms. We noted that the each contract was approved by a judge.

Payroll and Personnel

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained a listing of employees and management's representation that the listing is complete. We noted that compensation paid to each employee was in accordance with the approved pay rate in his/her personnel file with one exception noted. Written evidence of pay rate increase was not maintained on one employee of the five tested.

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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: For the employees tested, we noted that daily attendance and leave for each employee was documented. Leave approval documentation was maintained by the general manager; however, a remaining (running) balance was not maintained.

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

Results: According to management, no employees were terminated during the fiscal period.

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

Results: We obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period. No exceptions were identified as a result of these procedures.

Ethics (excluding nonprofits)

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

Results: The Court did not maintain documentation to demonstrate that required ethics training was completed.

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

Results: We inquired of management whether any alleged ethics violations were reported to the Court during the fiscal period. Management has received no such allegations.

Debt Service (excluding nonprofits)

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

Results: This procedure is not applicable to the Court as no debt was issued during the period.

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

Results: This procedure is not applicable to the Court as it had no debt outstanding.

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

Results: This procedure is not applicable to the Court as there are no tax millages related to debt service.

Other

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

Results: We inquired of management whether the Court had any misappropriations of public funds or assets. Management reported the Court has not had any misappropriations of public funds or assets.

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

Results: The Court has posted on its premises and website the notice required by LRS 24:523.1.

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

Results: No exceptions were identified as a result of these procedures.

* * * * *

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

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



A Professional Accounting Corporation

Covington, LA
June 21, 2018

Management Response

Fortieth Judicial District Court

For the Period of January 1, 2017 - December 31, 2017

To Whom it May Concern,

The Judges of the Fortieth Judicial District Court are responsible for responding to the results of the preceding agreed-upon procedures report. Management's responses are as follows:

Written Policies and Procedures

Results: We obtained the Court's policies and procedures and noted a credit card policy and travel policy. There are no formal written policies for budgeting, purchasing, disbursements, receipts, payroll, contracting, and ethics. The Court does not have any debt.

Management Response: Management will review and consider whether a written policy is necessary to include budgeting, purchasing, disbursements, receipts, payroll, contracting, and ethics.

Bank Reconciliations

Results: For the three accounts selected, all bank reconciliations were prepared by the Court's outsourced accountant, but did not include evidence that reconciliations were reviewed.

Management Response: Management has deemed the act of using a CPA firm to prepare bank reconciliations an effective use of the segregation of duties. Management will consider the need to revise its practice and policy.

Collections

Results: We selected one cash collection location for testing using the highest (dollar) month of cash collections. Employees responsible for collecting cash are not bonded. We noted that the person collecting cash is not responsible for reconciling the bank statement or for depositing or recording the transactions. The Court has a formal process to reconcile cash collections to the general ledger. While performing 6(c)(1), we noted there was no way for us to determine when the checks were received; therefore, we could not determine the number of days from receipt to deposit.

Management Response: Management will consider implementing a policy and practice of having employees responsible for collecting cash bonded. Management will also consider revising its collection procedure to more easily determine when checks are received.

Results: Since the Court's revenues come from a limited number of government agencies, management's process for determining completeness is informal. The Court does not have a formal written policy specifically defined to determine completeness of all collections.

Management Response: Management will consider a policy for determining completeness of collections.

Disbursements

Results: We noted that the Court does not have a written purchasing policy. Purchase orders are not utilized. Purchases can be both initiated and approved by division judges, but all purchases made by any other personnel must be approved by a division judge. Division judges are the only authorized signors of checks. All disbursements tested were supported by appropriate invoices; however, the invoices did not contain evidence of approval (signature or initials).

Management Response: Management will consider a policy to address the above stated items.

Results: We noted that the persons with signatory authority do have responsibility for initiating purchases, but not for recording purchases as this function is performed by an outsourced accountant.

Management Response: We use the CPA firm as a compensating control for this reason, but management will consider revising its policy.

Credit Cards/Debit Cards

Results: We noted evidence that the monthly combined statement for the card selected for testing was reviewed and approved by the card holder. We noted no finance charges were assessed.

Management Response: Management will have someone other than the card holder approve monthly statements when possible.

Results: Of the eleven charges tested, two charges were not supported by itemized receipts, and three charges did not contain documentation of the business purpose.

Management Response: Management will encourage all charges to follow the policy strictly and that all charges made on the credit card statement are supported by itemized receipts and contain documentation of the business purpose.

Travel and Expense Reimbursement

Results: No exceptions were noted in applying procedures 19a, 19b, and 19c. While performing procedure 19d, we noted that all transactions were reviewed and approved by the judge receiving reimbursement.

Management Response: Management will encourage all travel and expense reimbursements to be reviewed and approved by someone other than the person receiving the reimbursement if possible.

Payroll

Results: For the employees tested, we noted that daily attendance and leave for each employee was documented. Leave approval documentation was maintained by the general manager; however, a remaining (running) balance was not maintained.

Management Response: Management will review its method of tracking leave time.

Ethics

Results: The Court did not maintain documentation to demonstrate that required ethics training was completed.

Management Response: Management will review its practice on this topic and consider the above when considering an ethics policy.

The Judges of the Court will diligently pursue resolution to these matters by December 31, 2018.