

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

Annual Financial Statements

December 31, 2018



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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, 2018, 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, 2018, 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 28 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 19, 2019, 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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
June 19, 2019

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

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, 2018. 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, 2018

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 \$726,444 (net position).
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$7,870 including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Unrestricted net position of \$355,268, representing the portion available to maintain the continuing obligations to citizens and creditors.
 - (3) Restricted net position of \$363,306, 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 \$502,398, for the year, which was \$27,905 more than the program revenues of \$474,493 for these activities.
- The governmental funds reported total ending fund balance of \$718,574, of which \$363,306 was restricted and \$355,268 was considered unassigned. This compares to the prior year ending fund balance of \$717,045, showing an increase of \$1,529 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

	2018	2017	Dollar Change	Total Percent Change
Current and Other Assets	\$ 750,425	\$ 747,523	\$ 2,902	0.39%
Capital Assets	7,870	11,448	(3,578)	-31.25%
Total Assets	758,295	758,971	(676)	-0.09%
Current Liabilities	31,851	30,478	1,373	4.50%
Total Liabilities	31,851	30,478	1,373	4.50%
Net Investment in Capital Assets	7,870	11,448	(3,578)	-31.25%
Restricted	363,306	360,895	2,411	0.67%
Unrestricted	355,268	356,150	(882)	-0.25%
Total Net Position	\$ 726,444	\$ 728,493	\$ (2,049)	-0.28%

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

Net position decreased by \$2,049 as a result of this year's operations. The balance in net position represents the accumulated results of all past years' operations.

Condensed Statements of Activities

	2018	2017	Dollar Change	Total Percent Change
Program Revenues				
Operating Grants and Contributions	\$ 344,146	\$ 363,723	\$ (19,577)	-5.38%
Charges for Services - Court Revenues	130,347	108,591	21,756	20.03%
Total Program Revenues	474,493	472,314	2,179	0.46%
Program Expenses				
Current	498,820	484,028	14,792	3.06%
Depreciation - Unallocated	3,578	3,120	458	14.68%
Total Program Expenses	502,398	487,148	15,250	3.13%
Net Program Loss	(27,905)	(14,834)	(13,071)	-88.12%
General Revenues	25,856	44,689	(18,833)	-42.14%
Change in Net Position	(2,049)	29,855	(31,904)	-106.86%
Net Position				
Beginning of the Year	728,493	698,638	29,855	4.27%
End of the Year	\$ 726,444	\$ 728,493	\$ (2,049)	-0.28%

Total revenues for the year in governmental activities were \$500,349 (\$474,493 in program revenues and \$25,856 in general revenues). The total cost of all judicial programs and services was \$502,398, 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 \$718,574. This reflects an increase of \$1,529. 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, 2018

Some of the Changes in Major Funds

Most of the General Fund's revenue (\$130,347, or 88%) was from fees generated from criminal and civil cases. Other significant revenue of \$14,145, or 10%, was from Supreme Court reimbursements. The major expenditures in the General Fund were for library expenses (\$61,178), professional fees (\$30,219), and office supplies (\$21,355). The General Fund's fund balance of \$356,150, available at the beginning of the year, decreased by \$882, to end the year with an unassigned fund balance of \$355,268.

Another major fund is the Adult Drug Court Fund. Almost all of the revenue (\$295,606, 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 (\$214,895), drug testing and laboratory expenses (\$24,013), building rent (\$17,558), and payroll taxes (\$16,748). The beginning fund balance of \$344,435 increased by \$6,324 to end the year with a fund balance of \$350,759.

The final major fund is the Families in Need of Services. Roughly all of the revenue (\$48,450, or 100%) was in the form of grants from the State of Louisiana, St. John the Baptist Parish, and the federal government. The major expenditure in the Families in Need of Services Fund was for Salary Reimbursement (\$48,677).

Capital Assets

The net investment in capital assets for governmental activities as of December 31, 2018 and 2017, was \$7,870 and \$11,448, respectively, as shown on the following table:

Furniture and Equipment	2018	2017
Division A	\$ 75,132	\$ 75,132
Division B	63,069	63,069
Division C	61,688	61,688
Adult Drug Court	27,484	27,484
Families in Need of Services	2,658	2,658
Juvenile Probation	4,363	4,363
Total Cost	234,394	234,394
Less: Accumulated Depreciation	226,524	222,946
Net Capital Assets	\$ 7,870	\$ 11,448
Depreciation Expense	\$ 3,578	\$ 3,122

This year, there was depreciation of \$3,578, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2018

Economic Factors and Next Year's Budgets and Rates

The management of the Fortieth Judicial District Court has approved the 2019 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.

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, 2018**

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 425,739
Receivables	37,813
Investment in Certificates of Deposit	286,873
Capital Assets (Net of Accumulated Depreciation)	<u>7,870</u>
Total Assets	<u>758,295</u>
Liabilities	
Accounts Payable	21,241
Accrued Expenses	<u>10,610</u>
Total Liabilities	<u>31,851</u>
Net Position	
Net Investment in Capital Assets	7,870
Restricted	363,306
Unrestricted	<u>355,268</u>
Total Net Position	<u>\$ 726,444</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, 2018**

	Governmental Activities
Program Expenses	
Public Safety - Court System	
Salaries and Related Benefits	\$ 292,623
Contractual Services	138,558
Materials and Supplies	54,161
Lodging and Registration Fees	11,440
Depreciation	3,578
Miscellaneous Expense	2,038
	<hr/>
Total Program Expenses	502,398
	<hr/>
Program Revenues	
Operating Grants and Contributions	344,146
Charges for Services - Court Revenues	130,347
	<hr/>
Total Program Revenues	474,493
	<hr/>
Net Program Expense	(27,905)
	<hr/>
General Revenues	
Supreme Court Reimbursements	14,145
Judicial Probation Fees	8,711
Interest Income	3,000
	<hr/>
Total General Revenues	25,856
	<hr/>
Change in Net Position	(2,049)
	<hr/>
Net Position, Beginning of Year	728,493
	<hr/>
Net Position, End of Year	\$ 726,444
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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, 2018**

	<u>General Fund</u>	<u>Special Revenue Funds</u>			<u>Total Governmental Funds</u>
	<u>Judicial Expense Fund</u>	<u>Adult Drug Court Fund</u>	<u>FINS Fund</u>	<u>Non- Major Fund</u>	
Assets					
Cash and Cash Equivalents	\$ 67,203	\$ 341,269	\$ 17,238	\$ 29	\$ 425,739
Receivables	15,952	21,861	-	-	37,813
Due from Other Funds	150	-	-	-	150
Investments in Certificates of Deposit	286,873	-	-	-	286,873
Total Assets	\$ 370,178	\$ 363,130	\$ 17,238	\$ 29	\$ 750,575
Liabilities					
Accounts Payable	\$ 14,910	\$ 1,761	\$ 4,570	\$ -	\$ 21,241
Accrued Expenses	-	10,610	-	-	10,610
Due to Other Funds	-	-	150	-	150
Total Liabilities	14,910	12,371	4,720	-	32,001
Fund Balances					
Restricted	-	350,759	12,518	29	363,306
Unassigned	355,268	-	-	-	355,268
Total Fund Balances	355,268	350,759	12,518	29	718,574
Total Liabilities and Fund Balances	\$ 370,178	\$ 363,130	\$ 17,238	\$ 29	

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.

7,870

Net Position of Governmental Activities

\$ 726,444

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
December 31, 2018**

	General Fund	Special Revenue Funds			Total Governmental Funds
	Judicial Expense Fund	Adult Drug Court Fund	FINS Fund	Non-Major Fund	
Revenues					
Grants	\$ -	\$ 295,606	\$ 48,540	\$ -	\$ 344,146
Criminal Fees	107,262	-	-	-	107,262
Civil Fees	23,085	-	-	-	23,085
Supreme Court Reimbursements	14,145	-	-	-	14,145
Judicial Probation Fees	-	8,261	-	450	8,711
Interest and Miscellaneous	2,992	-	8	-	3,000
Total Revenues	147,484	303,867	48,548	450	500,349
Expenditures					
Current					
Administrative Service	-	214,895	-	-	214,895
Salary Reimbursement	12,303	-	48,677	-	60,980
Library	61,178	-	817	-	61,995
Professional Fees	30,219	2,250	800	-	33,269
Testing and Laboratory	-	24,013	-	-	24,013
Office Supplies	21,355	6,688	-	304	28,347
Office Rent/Lease	-	17,558	-	-	17,558
Payroll Taxes	-	16,748	-	-	16,748
Utilities	5,866	6,463	1,079	770	14,178
Travel Expenses	4,653	853	-	-	5,506
Conferences and Dues	4,156	1,675	100	-	5,931
Other Rent/Lease	3,797	-	-	-	3,797
Repairs and Maintenance	1,395	2,280	-	-	3,675
Jury and Court Lunches	1,578	226	-	-	1,804
General Insurance	-	3,609	-	-	3,609
Other Operating Expenses	1,389	285	88	276	2,038
Advertising and Public Relations	477	-	-	-	477
Total Expenditures	148,366	297,543	51,561	1,350	498,820
Net Change in Fund Balances	(882)	6,324	(3,013)	(900)	1,529
Fund Balances					
Beginning of Year	356,150	344,435	15,531	929	717,045
End of Year	\$ 355,268	\$ 350,759	\$ 12,518	\$ 29	\$ 718,574

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, 2018**

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,529
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 depreciation expense exceeded capital outlay in the current period.	<u>(3,578)</u>
Change in Net Position of Governmental Activities	<u>\$ (2,049)</u>

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, 2018**

	Agency Funds
<hr/>	
Assets	
Cash and Cash Equivalents	\$ 3,980
Total Assets	<u>\$ 3,980</u>
Liabilities	
Due to Others	\$ 3,980
Total Liabilities	<u>\$ 3,980</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 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)

Families in Need of Services Fund (FINS)

This special revenue fund receives revenue in the form of grants from the Louisiana Supreme Court through the Families in Need of Services Assistance Program. The fund uses revenue to help provide early judicial intervention to prevent delinquency and child abuse.

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 report the balance of a Cy Pres account, which is used for cash 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, 2018, Division A of the Court had a bank balance of \$114,228 exposed to custodial credit risk. As of December 31, 2018, 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, 2018, are summarized below:

Class of Receivable	Judicial Expense Fund	Adult Drug Court Fund	FINS Fund	Non-Major Funds	Total
Intergovernmental					
Grants	\$ -	\$ 21,861	\$ -	\$ -	\$ 21,861
Court Costs and Fees	15,952	-	-	-	15,952
Total	\$ 15,952	\$ 21,861	\$ -	\$ -	\$ 37,813

Management considers all of the receivables outstanding at December 31, 2018 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, 2018, was as follows:

Furniture and Equipment	Beginning Balance	Additions	Deletions	Ending Balance
Division A	\$ 75,132	\$ -	\$ -	\$ 75,132
Division B	63,069	-	-	63,069
Division C	61,688	-	-	61,688
Adult Drug Court	27,484	-	-	27,484
FINS	2,658	-	-	2,658
Juvenile Probation	4,363	-	-	4,363
Total Cost	234,394	-	-	234,394
Less: Accumulated Depreciation	222,946	3,578	-	226,524
Capital Assets, Net	\$ 11,448	\$ (3,578)	\$ -	\$ 7,870

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, 2018, 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, 2018, was \$21,355. Future minimum lease payments are as follows:

2019	\$ 2,732
2020	1,826
2021	<u>960</u>
Total	<u>\$ 5,518</u>

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

Notes to Financial Statements

Note 10. Changes in Agency Fund

The following is a summary of changes in the agency fund.

	Agency Funds
Balances, Beginning of Year	\$ 9,000
Additions	-
Reductions	<u>(5,020)</u>
Balances, End of Year	<u>\$ 3,980</u>

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, 2018**

	Budgetary Amounts		Actual - Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Grants	\$ 282,900	\$ 266,005	\$ 344,146	\$ 78,141
Criminal Fees	75,000	100,000	107,262	7,262
Civil Fees	22,000	22,000	23,085	1,085
Supreme Court Reimbursements	44,000	44,540	14,145	(30,395)
Judicial Probation Fees	-	-	8,711	8,711
Interest and Miscellaneous	30,100	16,000	3,000	(13,000)
Total Revenues	454,000	448,545	500,349	51,804
Expenditures				
Current				
Administrative Service	192,000	198,000	214,895	(16,895)
Salary Reimbursement	60,000	54,000	60,980	(6,980)
Library	55,000	55,000	61,995	(6,995)
Professional Fees	35,000	37,000	33,269	3,731
Testing and Laboratory	24,500	21,000	24,013	(3,013)
Office Supplies	22,000	23,000	28,347	(5,347)
Office Rent/Lease	17,000	17,900	17,558	342
Payroll Taxes	15,850	17,000	16,748	252
Utilities	12,000	12,500	14,178	(1,678)
Travel Expenses	6,000	5,000	5,506	(506)
Conferences and Dues	12,000	6,500	5,931	569
Other Rent/Lease	3,500	3,000	3,797	(797)
Repairs and Maintenance	4,900	3,200	3,675	(475)
Jury and Court Lunches	2,450	1,500	1,804	(304)
General Insurance	5,500	4,800	3,609	1,191
Other Operating Expenses	750	900	2,038	(1,138)
Advertising and Public Relations	2,000	400	477	(77)
Supplemental Pay	1,250	2,250	-	2,250
Treatment Services	1,900	38,797	-	38,797
Capital Outlay	10,000	-	-	-
Total Expenditures	483,600	501,747	498,820	2,927
Net Change in Fund Balance	\$ (29,600)	\$ (53,202)	1,529	\$ 54,731
Fund Balance				
Beginning of Year			<u>717,045</u>	
End of Year			<u>\$ 718,574</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, 2018**

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	\$1,440
Conference Travel	\$3,742
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, 2018**

Agency Head
Various Interim Judges, 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	\$1,425
Conference Travel	\$194
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, 2018**

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	\$1,291
Conference Travel	\$717
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, 2018, 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 19, 2019.

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 handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA
June 19, 2019

**FORTIETH JUDICIAL DISTRICT COURT
ST. JOHN THE BAPTIST PARISH
Schedule of Findings and Responses
For the Year Ended December 31, 2018**

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, 2018**

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, 2018 - December 31, 2018

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, 2018 to December 31, 2018. The Court's management is responsible for those C/C areas identified in the SAUPs.

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 and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - 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.

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- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- e) **Payroll/Personnel**, including (1) payroll processing and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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) continuing disclosure/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.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We obtained from management a listing of bank accounts and management's representation that the listing is complete. Management also identified the entity's main operating accounts; since each division has a main operating account, there are three main operating accounts. We tested a total of 7 accounts. Bank reconciliations were prepared within two months of the related statement closing date. Although bank reconciliations are performed by an outsourced accountant for segregation of duties, there is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. There were no outstanding reconciling items more than twelve months old.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: For procedures c) and d), no exceptions were noted. For procedure a) above, we noted that for the drug court location, employees responsible for cash collections share a cash drawer. We noted for procedure b) above, all employees that collect cash/money orders also make deposits.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: Employees who have access to cash are not covered by bond or insurance policy for theft.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: For procedures a), b), c), and e) no exceptions were noted. While performing procedure d) above, 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.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Results: We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: At least two employees are involved in initiating a purchase request, approving, and placing an order. There are not two employees involved in processing and approving payments to vendors. Procedure c) above is not applicable due to the lack of vendor files associated with the manual check-writing process. For procedure d) above, we did note that the employees responsible for processing payments also mail them.

- 9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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

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

- 11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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) Observe that finance charges and late fees were not assessed on the selected statements.

Results: There was no evidence that the monthly statements were reviewed and approved in writing by someone other than the authorized card holder. For procedure b) above, there were no exceptions noted.

- 12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: Of the ten transactions selected, one transaction did not have the business/ public purpose. All other attributes were met for this transaction. Also, all of the other transactions selected met all attributes.

Travel and Expense Reimbursement

- 13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. There were no exceptions noted for procedures a) and b). For procedure c) above, two of the seven reimbursements tested did not have the business/public purpose or the names of each individual participating. For procedure d), each reimbursement was not reviewed and approved in writing by someone other than the person receiving the reimbursement.

Payroll and Personnel

14. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Results: We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We noted that two of the five employees tested had evidence in their personnel files showing that the pay rate was approved and that it matched the pay rate paid. The other three employees selected did not have evidence in their personnel files to support the pay rate paid.

15. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #14 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: For procedures a) and c), no exceptions were noted. For procedure b), we noted leave was approved, but there was no evidence to support approval of attendance.

16. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Results: We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the listing is complete. No employees were terminated during the fiscal period.

17. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: Management represented that all necessary contributions were automatically withdrawn and submitted by the required deadlines every payroll period.

Ethics (excluding nonprofits)

18. Using the 5 randomly selected employees/officials from procedure #14 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates that each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: Documentation demonstrates ethics training was completed by all employees in 2018. For procedure b), we noted no formal ethics policy.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 19, 2019

Management Response
Fortieth Judicial District Court
For the Period of January 1, 2018 - December 31, 2018

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: We obtained from management a listing of bank accounts and management's representation that the listing is complete. Management also identified the entity's main operating accounts; since each division has a main operating account, there are three main operating accounts. We tested a total of 7 accounts. Bank reconciliations were prepared within two months of the related statement closing date. Although bank reconciliations are performed by an outsourced accountant for segregation of duties, there is no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation. There were no outstanding reconciling items more than twelve months old.

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: For procedures c) and d), no exceptions were noted. For procedure a) above, we noted that for the drug court location, employees responsible for cash collections share a cash drawer. We noted for procedure b) above, all employees that collect cash/money orders also make deposits.

Management Response: Management has established controls surrounding collection of payments at the drug location to compensate for the risks associated with employees sharing a cash drawer; these controls have been in place throughout the period covered by the procedures. First, the court utilizes a log of money orders received at this location; this provides verification and reconciliation of the deposits. Additionally, the drug court location only accepts money orders payable to the court. Lastly, the cash drawer is frequently locked when not in use; management will ensure consistent locking of the cash drawer going forward.

Results: Employees who have access to cash are not covered by bond or insurance policy for the theft.

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

Results: For procedures a), b), c), and e) no exceptions were noted. While performing procedure d) above, 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 a policy to address the above stated items.

Non-Payroll Disbursements

Results: At least two employees are involved in initiating a purchase request, approving, and placing an order. There are not two employees involved in processing and approving payments to vendors. Procedure c) above is not applicable due to the lack of vendor files associated with the manual check-writing process. For procedure d) above, we did note that the employees responsible for processing payments also mail them.

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

Credit Cards/Debit Cards

Results: There was no evidence that the monthly statements were reviewed and approved in writing by someone other than the authorized card holder. For procedure b) above, there were no exceptions noted.

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

Results: Of the ten transactions selected, one transaction did not have the business/ public purpose. All other attributes were met for this transaction. Also, all of the other transactions selected met all attributes.

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: We obtained a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing is complete. There were no exceptions noted for procedures a) and b). For procedure c) above, two of the seven reimbursements tested did not have the business/public purpose or the names of each individual participating. For procedure d), each reimbursement was not reviewed and approved in writing by someone other than the person receiving the 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 and Personnel

Results: We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We noted that two of the five employees tested had evidence in their personnel files showing that the pay rate was approved and that it matched the pay rate paid. The other three employees selected did not have evidence in their personnel files to support the pay rate paid.

Management Response: Management will inquire about the parishes tracking system and review its method of tracking pay rates moving forward.

Results: For procedures a) and c), no exceptions were noted. For procedure b), we noted leave was approved, but there was no evidence to support approval of attendance.

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

Ethics

Results: Documentation demonstrates ethics training was completed by all employees in 2018. For procedure b), we noted no formal ethics policy.

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

The Judges of the Court will diligently pursue resolution to these matters by December 31, 2019.