

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

Annual Financial Report

For the year ended June 30, 2024

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND**DeSoto Parish, Louisiana****Table of Contents**

As of and for the year ended June 30, 2024

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Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

INDEPENDENT AUDITOR'S REPORT

To the Honorable Amy B. McCartney, Chief District Judge
Forty-second Judicial District Court Judicial Expense Fund
DeSoto Parish, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Forty-second Judicial District Court Judicial Expense Fund (the JEF), DeSoto Parish, Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the JEF's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the JEF, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the JEF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the JEF's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 JEF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the JEF's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information listed in the table of contents as Required Supplementary Information Part I and Part II be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consist 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the JEF's basic financial statements. The supplementary information, listed in the table of contents as Other Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the JEF's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the JEF'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* and in considering the JEF's internal control over financial reporting and compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 18, 2024

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

FORTY-SECOND JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Management's Discussion and Analysis

For the year ending June 30, 2024

This section of the Forty-second Judicial District Court - Judicial Expense Fund's (the JEF) annual financial report presents our discussion and analysis of the Fund's financial performance during the year ending June 30, 2024. We encourage readers to consider the information presented here in conjunction with the JEF's basic financial statements and supplementary information in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The JEF's net position increased by \$156,175 or 29.15% during the year ended June 30, 2024. This continues a trend of increases of over 25% with 27.50% and 26.35% increases reported for the years ending June 30, 2023 and June 30, 2022 respectively. This increase is due in part to a new District Attorney that is prosecuting more cases.

The JEF's revenues of \$805,378 for the year ending June 30, 2024, are an 8.35% increase from \$743,334 for the year ended June 30, 2023. Again, this increase is due in large part to a new District Attorney that is prosecuting more cases.

During the year ended June 30, 2024, the JEF had expenses of \$649,203, including depreciation, compared to \$627,793 in the year ended June 30, 2023. This reflects an increase of 3.41% during the year ended June 30, 2024.

OVERVIEW OF FINANCIAL STATEMENTS

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

Notes to the Financial Statements

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

Supplementary Information

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

Other Supplementary Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3). The justice system funding reporting schedules are presented to fulfill the requirements of Louisiana Revised Statute 24:515.2.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

Net position may serve over time as a useful indicator of the JEF's financial position. The JEF's total net position changed from a year ago, increasing from \$535,678 to \$691,853. The largest portion of the JEF's net position, \$689,223 (99.62%) as of June 30, 2024, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

The JEF continues to maintain a high level of liquidity with \$705,973 (108.58%) of the JEF's unrestricted net position invested in demand deposits with various financial institutions as of June 30, 2024. Accounts receivable decreased 26.79% from \$18,792 to \$13,757. Accounts payable decreased 43.95% from \$67,527 to \$37,850. At June 30, 2024, \$2,630 (0.38%) of the JEF's net position reflects capital assets with a historical cost of \$136,420 and accumulated depreciation of \$133,790.

A summary of the Statement of Net Position is below:

	Governmental Activities	
ASSETS	June 30, 2024	June 30, 2023
Cash and cash equivalents	\$ 705,973	\$ 572,094
Accounts receivable	13,757	18,792
Prepaid expenses	7,343	3,523
Capital assets, net	2,630	8,796
Total assets	<u>\$ 729,703</u>	<u>\$ 603,205</u>
LIABILITIES		
Accounts payable	\$ 37,850	\$ 67,527
Total liabilities	<u>37,850</u>	<u>67,527</u>
NET POSITION		
Net investment in capital assets	2,630	8,796
Unrestricted	689,223	526,882
Total net position	<u>\$ 691,853</u>	<u>\$ 535,678</u>

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

	For the year ended June 30, 2024	For the year ended June 30, 2023
Program revenues	\$ 768,441	\$ 712,262
General revenues	36,937	31,072
Total revenues	<u>805,378</u>	<u>743,334</u>
Expenses:		
Judicial: Administrative	304,130	290,492
FINS	52,259	34,430
Probation	280,770	285,812
Restitution	12,044	17,059
Total expenses	<u>649,203</u>	<u>627,793</u>
Increase/(decrease) in net position	156,175	115,541
Net position beginning	535,678	420,137
Net position ending	<u>\$ 691,853</u>	<u>\$ 535,678</u>

As the accompanying presentation demonstrates, the JEF has increased its reserves by \$156,175 or 29.15% at June 30, 2024.

Approximately, 95.41% (\$768,441) of the JEF's total revenues were program revenues for the year ended June 30, 2024, compared to 95.82% (\$712,262) in the year ended June 30, 2023. Program revenues were comprised of \$446,213 in charges for services and \$322,228 in operating grants and contributions for the year ended June 30, 2024.

Beginning in July of 2014, the DeSoto Parish Police Jury Criminal Court fund began reimbursing the JEF for the juvenile probation officer's salary that they pay to the DeSoto Parish Sheriff. Total receipts for this salary reimbursement for the year end June 30, 2024, were \$12,360 or 1.53% of total revenues.

The JEF received \$47,316 (5.88%) and \$39,607 (5.33%) of its total revenues from a Louisiana state FINS grant during the years ended June 30, 2024, and June 30, 2023, respectively.

Local government expense reimbursements and recognized on-behalf of payments account for \$264,108 or 32.79% of total revenues for the year ended June 30, 2024 compared to \$264,053 or 35.52% for the prior year.

FINANCIAL ANALYSIS OF THE JEF'S GOVERNMENTAL FUNDS

The focus of the JEF's only governmental fund, the general fund, is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the JEF's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the JEF's net resources available for spending at the end of the year. As of the end of the year, the JEF's general fund reported an ending fund balance of \$689,223 an increase of \$162,341 (30.81%) compared to the prior year. The total fund balance is comprised of \$215,142 (31.22%) assigned to Probation, \$151,228 (21.94%) assigned to Custody Nonsecure FINS (CNF), \$24,631 (3.57%) assigned to FINS, \$7,343 (1.07%) nonspendable, leaving \$290,879 (42.20%) unassigned and available for spending in the coming year.

BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Fund complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Fund's budget was amended once during the year ended June 30, 2024. Actual adjusted revenues were \$54,895 more than the budgeted amounts and actual expenditures were \$24,297 less than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

The Fund acquired no new capital assets during the year ended June 30, 2024.

DEBT ADMINISTRATION

For the year ended June 30, 2024, there is no debt activity and no debts are outstanding at year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For the fiscal year ending June 30, 2025, the following factors were considered when the budget was prepared:

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION

June 30, 2024

	Governmental Fund Financial Statements		Government-wide Statements
	Balance Sheet		Statement of
	General Fund	Adjustments	Net Position
ASSETS			
Cash and cash equivalents	\$ 705,973	\$ -	\$ 705,973
Receivables, net	13,757	-	13,757
Prepaid expenses	7,343	-	7,343
Capital assets, net	-	2,630	2,630
TOTAL ASSETS	\$ 727,073	2,630	729,703
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	\$ 25,350	-	25,350
Due to DeSoto Parish Sheriff	12,500	-	12,500
TOTAL LIABILITIES	37,850	-	37,850
FUND BALANCE/NET POSITION			
Fund Balances:			
Assigned			
FINS	24,631	(24,631)	-
Probation	215,142	(215,142)	-
CNF	151,228	(151,228)	-
Nonspendable	7,343	(7,343)	-
Unassigned	290,879	(290,879)	-
TOTAL FUND BALANCES	689,223	(689,223)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 727,073	-	
Net Position:			
Net investment in capital assets		2,630	2,630
Unrestricted		689,223	689,223
TOTAL NET POSITION		\$ -	\$ 691,853

**Reconciliation of Fund Balance on the Governmental Fund
Balance Sheet to Net Position on the Statement of Net Position**

Fund Balance - Governmental Fund \$ 689,223

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Add - Capital assets	\$ 136,420	
Deduct - Accumulated depreciation	(133,790)	2,630

Total Net Position of Government Activities **\$ 691,853**

FORTY-SECOND JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES

For the year ended June 30, 2024

	Governmental Fund Financial Statements			Government-wide Statements
	Statement of Revenues, Expenditures, and Changes in Fund Balance			Statement of Activities
	General Fund	Adjustments		
EXPENDITURES/EXPENSES				
Judicial Administration:				
Personnel services & related benefits	\$ 241,997	\$ -	\$	241,997
Operating expenses	55,967	6,166		62,133
Probation	280,770	-		280,770
FINS	52,259	-		52,259
Restitution paid to others	12,044	-		12,044
TOTAL EXPENDITURES/EXPENSES	643,037	6,166		649,203
PROGRAM REVENUES				
Charges for service:				
Bond fees, forfeitures, and court costs	307,291	-		307,291
Probation	126,658	-		126,658
Restitution	12,264	-		12,264
Operating grants and contributions:				
State sources	58,120	-		58,120
Local government sources	264,108	-		264,108
TOTAL PROGRAM REVENUES	768,441	-		768,441
NET PROGRAM EXPENSE	125,404	(6,166)		119,238
GENERAL REVENUES				
Miscellaneous income	22,522	-		22,522
Use of money and property - interest	14,415	-		14,415
TOTAL GENERAL REVENUES	36,937	-		36,937
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	162,341	(6,166)		156,175
FUND BALANCE / NET POSITION				
Beginning of the year	526,882			535,678
End of the year	\$ 689,223		\$	691,853

Reconciliation of the Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance to the Statement of Activities

Net change in Fund Balance - Governmental Fund \$ 162,341

Governmental funds report capital outlays as expenditures. However, in the government-wide statements, the cost of assets are capitalized and depreciated over their useful lives. Therefore, capital expenditures are not recorded in the government-wide statements.

Capital outlays	\$ -	
Depreciation	(6,166)	(6,166)
Net change in Net Position	\$	156,175

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

NOTES TO THE FINANCIAL STATEMENTS

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2024

INTRODUCTION

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

The Forty-second Judicial District Court (the District) was created by LSA-RS 13:477(42). The District is comprised of DeSoto Parish with the courthouse and judges' offices in Mansfield. The District's purpose is general jurisdiction judgeship for the approximately 27,114 people in the parish. The voters of the parish elect the two judges of the District to six-year terms. The two elected judges, who have all general trial jurisdiction throughout the District, are Judge Nicholas Gasper and Judge Amy McCartney.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the JEF have been prepared in conformity with governmental accounting principles generally accepted (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

The significant accounting policies established in GAAP and used by the JEF are discussed below.

B. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. For financial reporting purposes, in conformance with GASB Statement No. 14, the JEF includes all funds that are within the oversight responsibility of the District. Based on consideration of the foregoing criteria, the JEF is deemed to be a separate reporting entity.

The JEF's basic financial statements consists of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

C. FUND ACCOUNTING

The accounts of the JEF are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses and balances of current financial resources.

Governmental Funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations. Within the governmental fund category an emphasis is placed on major funds. A fund is considered a major fund if it is the primary operating fund of the entity. The JEF only has one fund, the general fund, which is the only major fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, transfers of assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Fund Financial Statements

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

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

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the JEF. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. In the government-wide Statement of Net Position and Statement of Activities columns, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

E. CASH AND CASH EQUIVALENTS

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

F. RECEIVABLES AND PAYABLES

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

Payables consist of necessary and ordinary expenses of the JEF.

G. PREPAIDS

Payments made to vendors for insurance that will benefit periods beyond June 30, 2024, are recorded as prepaid expenses.

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. CAPITAL ASSETS

Capital Assets which include computer and office equipment and furniture and fixtures are reported in the government-wide financial statements. All capital assets are depreciated using the straight-line method over their estimated useful lives, ranging from five to ten years depending upon the expected durability of the particular asset. Depreciation of all exhaustible capital assets is recorded as an expense in the statement of net position. The JEF maintains a threshold level of \$1,000 or more for capitalizing capital assets for reporting purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset life are not capitalized. Capital assets and depreciation expenses are reported in the Statement of Net Position and Statement of Activities. In the fund financial statements, fixed assets are accounted for as capital outlay expenditures upon acquisition.

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

I. EQUITY CLASSIFICATIONS

Net Position

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

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

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

Fund Balances

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

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

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

The General Fund, the JEF's only governmental fund, has an unassigned fund balance of \$290,879.

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana
Notes to the Financial Statements
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At June 30, 2024, the JEF has cash (book balances) totaling \$705,973.

Interest-bearing demand deposits	\$	408,292
Non-interest bearing demand deposits		24,631
LAMP		273,050
	\$	<u>705,973</u>

The cash of the JEF is subject to the following risks:

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

At June 30, 2024, the JEF has \$432,923 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$182,923 in pledged marketable securities held by the custodial bank with a market value of \$947,330.

Cash equivalents held at June 30, 2024, include \$273,050 invested with the LAMP. The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP investments are highly liquid, allowing immediate access to funds on deposit. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. LAMP, Inc. is not registered with the SEC as an investment company but is subject to the regulatory oversight of the state treasurer and the board of directors.

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

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

3. ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2024 consists of the following:

Fines and court costs	\$	11,446
Parish salary reimbursement		2,311
	\$	<u>13,757</u>

FORTY-SECOND JUDICIAL DISTRICT COURT – JUDICIAL EXPENSE FUND

DeSoto Parish, Louisiana

Notes to the Financial Statements

June 30, 2024

4. CAPITAL ASSETS

A summary of the JEF's capital assets at June 30, 2024, follows:

Governmental Activities:	Balance 6/30/2023	Additions	Deletions/ Reclassifications	Balance 6/30/2024
Capital assets, being depreciated				
Computers	\$ 51,456	\$ -	\$ -	\$ 51,456
Furniture and fixtures	84,964	-	-	84,964
Total capital assets, being depreciated	<u>136,420</u>	<u>-</u>	<u>-</u>	<u>136,420</u>
Less accumulated depreciation for				
Computers	42,798	6,028	-	48,826
Furniture and fixtures	84,826	138	-	84,964
Total accumulated depreciation	<u>127,624</u>	<u>6,166</u>	<u>-</u>	<u>133,790</u>
Total capital assets being depreciated, net	<u>\$ 8,796</u>	<u>\$ 6,166</u>	<u>\$ -</u>	<u>\$ 2,630</u>

Depreciation expense of \$6,166 for the year ended June 30, 2024 was charged to the administrative function.

5. COOPERATIVE ENDEAVOR AGREEMENTS AND OTHER AGREEMENTS

The Misdemeanor Probation program entered into an agreement with the DeSoto Parish Sheriff to reimburse the salary, payroll taxes, group insurance, retirement, and workman's compensation of the probation officers. The JEF reimbursed the Sheriff's office \$72,965. Beginning July, 2014, the DeSoto Parish Police Jury Criminal Court Fund, in the form of a court order, began reimbursing the JEF for the juvenile probation officer's salary only. The Police Jury reimbursed the JEF \$12,360.

6. LITIGATION

Management has advised that there is no litigation pending against the JEF at June 30, 2024.

7. ON-BEHALF PAYMENTS

For the year ending June 30, 2024, the JEF received on-behalf payments from the DeSoto Parish Police Jury in the amount of \$235,802 for certain salary or administrative expenditures of the JEF paid directly by the DeSoto Parish Police Jury. Such payments are recorded as intergovernmental revenue and judicial administration expenses/expenditures in the GAAP basis government-wide and general fund financial statements, but are not budgeted and therefore are not included in the general fund budgetary basis financial statements. On-behalf payments do not include any such amounts paid directly by the State of Louisiana.

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2024, which is the date the financial statements were available to be issued, and has concluded that there are no significant events requiring recognition or disclosure through that date.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the year ended June 30, 2024

	Budgeted Amounts		Actual	Budgetary basis adjust	Actual amounts budgetary basis	Variance with final budget positive (negative)
	Original	Final				
REVENUES						
Charges for service	\$ 375,206	\$ 406,246	\$ 446,213	\$ -	\$ 446,213	\$ 39,967
Operating grants and contributions	53,608	78,360	322,228	(235,802)	86,426	8,066
Miscellaneous income	20,951	20,075	22,522	-	22,522	2,447
Interest	8,800	10,000	14,415	-	14,415	4,415
TOTAL REVENUES	<u>458,565</u>	<u>514,681</u>	<u>805,378</u>	<u>(235,802)</u>	<u>569,576</u>	<u>54,895</u>
EXPENDITURES						
Judicial Administration:						
Personnel & related benefits	12,188	7,000	241,997	(235,802)	6,195	805
Operating expenses	38,085	79,014	55,967	-	55,967	23,047
Probation	238,821	282,496	280,770	-	280,770	1,726
FINS	39,608	47,273	52,259	-	52,259	(4,986)
Restitution paid to others	15,749	15,749	12,044	-	12,044	3,705
Capital Outlays	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>344,451</u>	<u>431,532</u>	<u>643,037</u>	<u>(235,802)</u>	<u>407,235</u>	<u>24,297</u>
NET CHANGE IN FUND BALANCE	114,114	83,149	162,341	-	162,341	79,192
FUND BALANCE						
Beginning of the year	526,882	526,882	526,882		526,882	-
End of the year	<u>\$ 640,996</u>	<u>\$ 610,031</u>	<u>\$ 689,223</u>		<u>\$ 689,223</u>	<u>\$ 79,192</u>

The adjustment to budgetary basis is for recognized on-behalf payments of salary and related benefit amounts that the JEF does not budget for. See Note 7 in the notes to the financial statements.

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

NOTE TO BUDGETARY COMPARISON SCHEDULE

As of and for the year ended June 30, 2024

Budgetary Information

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

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

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

Actual revenues adjusted to budgetary basis exceeded final budgeted revenues by \$54,895 (10.67%). Actual expenditures adjusted to budgetary basis were less than the budgeted amount by \$24,297 (5.63%). The JEF is in compliance with the Louisiana Local Government Budget Act.

The JEF follows these budget procedures:

The Chief Judge prepares a proposed budget for the fund on the modified accrual basis of accounting. Due to the uncertainties of the budgeting, at least one of the judges is involved in the transfer of funds from one program or function to another or for increased expenditures resulting from revenues exceeding amounts estimated. All budgetary appropriations lapse at the end of each fiscal year. If budgeted expenditures exceed \$500,000 or more, per R.S. 39:1307, the budget is to be made available for public inspection prior to the 15th day of the new fiscal year by a public hearing. At least ten days prior to the public hearing, a notice is published that a public meeting is to be held, including the date, time, and place of the hearing. If budgeted expenditures are less than \$500,000, the proposed budget shall be adopted prior to the beginning of the budgeted year. Budgeted expenditures were more than \$500,000 and actual expenditures were less than \$500,000 for the year ended June 30, 2024.

OTHER SUPPLEMENTARY INFORMATION

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

**Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended June 30, 2024**

Amy B. McCartney, Chief Judge

Purpose:

Salary	\$	-
Benefits- insurance		-
Benefits- retirement		-
Benefits- deferred compensation		-
Benefits- other		-
Vehicle provided by government		-
Per diem		-
Reimbursements		11,640
Travel		-
Registration fees		-
Conferences and seminars		-
Continuing professional education fees		-
Dues		-
Cell phone		-
Unvouchered expenses		-
Special meals		-

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

Forty-Second Judicial District Court - Judicial Expense Fund
DeSoto Parish, Louisiana
Justice System Funding Schedule - Receiving Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the year ended June 30, 2024

Schedule 3

Cash Basis Presentation	First Six Month Period Ended 12/31/23	Second Six Month Period Ended 6/30/24
Receipts From:		
<i>DeSoto Parish Sheriff's Office - Criminal Court Costs/Fees</i>	\$ 36,260	\$ 33,986
<i>DeSoto Parish Sheriff's Office - Bond Fees</i>	13,302	11,268
<i>DeSoto Parish Clerk of Court - Civil Fees</i>	7,039	7,840
Total Receipts	\$ 56,601	\$ 53,094

Supplemental information.
See the accompanying independent auditor's report.

**Forty-Second Judicial District Court - Judicial Expense Fund
DeSoto Parish, Louisiana**

**Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the year ended June 30, 2024**

Cash Basis Presentation	First six month period ended 12/31/23	Second six month period ended 6/30/24
Beginning Balance of Amounts Collected	\$ 15,816	\$ 14,482
Add: Collections		
Criminal Court Costs/Fees	94,748	112,237
Restitution	6,287	5,977
Probation/Parole/Supervision Fees	47,835	55,770
Subtotal Collections	<u>148,870</u>	<u>173,984</u>
Less: Disbursements To Governments & Nonprofits:		
DeSoto Parish Sheriff - Criminal Court Costs/Fees	78,009	80,094
DeSoto Parish Sheriff (DARE) - Criminal Court Costs/Fees	2,890	3,765
42nd Indigent Defender Board - Criminal Court Costs/Fees	5,870	7,919
42nd Judicial District Attorney - Criminal Court Costs/Fees	10,308	11,715
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency		
Probation/Parole/Supervision Fees	47,835	55,770
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Restitution Payments to Individuals	4,611	8,943
Payments to 3rd Party Collection/Processing Agencies	681	220
Subtotal Disbursements/Retainage	<u>150,204</u>	<u>168,426</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	\$ <u>14,482</u>	\$ <u>20,040</u>

Supplemental information.

See the accompanying independent auditor's report.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

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

To the Honorable Amy B. McCartney, Chief District Judge
Forty-second Judicial District Court Judicial Expense Fund
DeSoto Parish, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Forty-second Judicial District Court Judicial Expense Fund, DeSoto Parish, Louisiana (the JEF), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the JEF's basic financial statements, and have issued our report thereon dated December 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the JEF's internal control over financial reporting (internal control) as a basis for designing 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 JEF's internal control. Accordingly, we do not express an opinion on the effectiveness of the JEF's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the JEF'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 financial statements. 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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and is distributed by the Legislative Auditor under Louisiana Revised Statute 24:513.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana

December 18, 2024

Forty-second Judicial District Court Judicial Expense Fund

DeSoto Parish, Louisiana

Schedule of Findings

For the year ended June 30, 2024

Part I. Summary of Auditor's Results

INDEPENDENT AUDITOR'S REPORT:

We have audited the basic financial statements of the Forty-second Judicial District Court - Judicial Expense Fund as of and for the year ended June 30, 2024, and have issued our report thereon dated December 18, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2024, resulted in an unmodified opinion.

REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER THE FINANCIAL REPORTING:

Internal Control

Significant Deficiency

☐ Yes

☒ No

Material Weaknesses

☐ Yes

☒ No

Compliance

Compliance Material to Financial Statements

☐ Yes

☒ No

A management letter was not issued.

FEDERAL AWARDS: Not applicable

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

FINDINGS RELATED TO INTERNAL CONTROL

None.

FINDINGS RELATED TO COMPLIANCE

None.

Forty-second Judicial District Court Judicial Expense Fund

DeSoto Parish, Louisiana

Schedule of Findings

For the year ended June 30, 2024

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS



Dees Gardner, Certified Public Accountants, LLC

Deborah D. Dees, CPA/CFF
122 Jefferson Street
Mansfield, LA 71052
www.deesgardnercpas.com

Maura Dees Gardner, CPA, CFE
1659 Hwy 171 / P.O. Box 328
Stonewall, LA 71078
Phone: (318) 872-3007

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Amy B. McCartney, Chief District Judge
42nd Judicial District Court Expense Fund
DeSoto Parish, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023, through June 30, 2024. The Forty-second Judicial District Court Judicial Expense Fund's (the JEF) management is responsible for those C/C areas identified in the SAUPs.

The JEF has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023, through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) **Written Policies and Procedures**

- A. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **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.
 - v. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **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).

- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and no exceptions were noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Section not applicable to entity.

3) Bank Reconciliations

- A. 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 selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 4 additional accounts were selected for review.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- ii. Bank reconciliations include evidence that a member of management or a 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.

- iii. 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.

No exceptions were noted as a result of these procedures.

4) Collections (excluding EFTs)

- A. 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).

A listing of deposit sites for the fiscal period and management's representation that the listing is complete were obtained. The only deposit site of the entity was selected.

- B. 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 listing of collection locations and management's representation that the listing is complete was obtained. A random collection location of the entity was selected.

- i. Employees that are responsible for cash collections do not share cash drawers/registers.
- ii. 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.
- iii. 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.
- iv. 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.

No exceptions were noted as a result of these procedures.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions were noted as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. 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).
- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted as a result of these procedures.

5) Non-Payroll Disbursements (exclude card and petty cash purchases, and travel reimbursements)

- A. 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).

A listing of locations that process payments for the fiscal period and management's representation that the listing is complete were obtained. The only location of the entity was selected.

- B. For each location selected under #5A 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:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. 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.
 - iv. 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.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were noted as a result of these procedures.

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

No exceptions were noted as a result of these procedures.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions were noted as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. 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.

A listing of active cards for the fiscal period and management's representation that the listing is complete were obtained.

- B. 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:
- i. 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 (or electronically approved), by someone other than the authorized card holder.
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted as a result of these procedures.

- C. Using the monthly statements or combined statements selected under #6B 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. 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:
- 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).
 - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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 policies and procedures procedure 1A.
 - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted as a result of these procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management’s representation that the listing is complete were obtained.

- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted as a result of these procedures.

9) Payroll and Personnel

- A. 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.

A listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete were obtained. Five employees of the entity were selected for review.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were noted as a result of these procedures.

- C. 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.

No exceptions were noted as a result of this procedure.

- D. 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.

No exceptions were noted as a result of this procedure.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above obtain ethics documentation from management, and:
- i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted as a result of these procedures.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were noted as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Section not applicable to entity.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No misappropriations reported by entity.

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were noted as a result of this procedure.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were noted as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
10 - 100%.
- ii. Number of sexual harassment complaints received by the agency;
0.
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
0.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;
and
0.
- v. Amount of time it took to resolve each complaint.
0.

We were engaged by the JEF to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

We are required to be independent of the JEF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 18, 2024