

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2018**

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana  
Annual Financial Report  
Year Ended June 30, 2018

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TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana  
Annual Financial Report  
Year Ended June 30, 2018

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## INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the Twenty-Sixth  
Judicial District Court – Drug Court Fund  
Bossier and Webster Parishes, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Twenty-Sixth Judicial District Court – Drug Court Fund (the “Drug Court”), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Drug 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.

### **Auditors’ 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 Drug Court’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Drug Court’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 and each major fund of the Twenty-Sixth Judicial District Court - Drug Court Fund as of June 30, 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 and budgetary comparison information on pages 5-9 and 27-28 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, 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and was derived from and related 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 Schedule of Compensation, Benefits and Other Payments to Agency Head is 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 a report dated December 18, 2018, on our consideration of the Twenty-Sixth Judicial District Court – Drug Court Fund'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 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 Twenty-Sixth Judicial District Court – Drug Court Fund’s internal control over financial reporting and compliance.

*Wise Martin & Cole, LLC*

Minden, Louisiana  
December 18, 2018

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**

# TWENTY-SIXTH JUDICIAL DISTRICT COURT

BOSSIER AND WEBSTER PARISHES

P.O. Box 310  
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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Twenty-Sixth Judicial District Court – Drug Court Fund provides an overview of the Drug Court's financial activities for the fiscal year ended June 30, 2018, in an easily readable analysis. Please read it in conjunction with our financial statements, which begin on page 11.

The MD&A is an element of the required supplementary information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A.

The Drug Court is the responsibility of the Judges of the Twenty-Sixth Judicial District Court. The Drug Court is administered by the presiding Judge, as well as the Drug Court Coordinator, who is an employee of the Bossier Parish Police Jury.

### FINANCIAL HIGHLIGHTS

- The net position of the Drug Court Fund at the close of June 30, 2018, was \$75,238, of which \$8,985 is invested in capital assets. The remainder is considered unrestricted and may be used for any lawful purpose of the fund. Total net position increased by 7% over last year's net position.
- During the year ended June 30, 2018, the governmental funds of the Adult and Juvenile Drug Courts had total expenditures of \$411,197 and \$112,110, respectively.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 & 12) provide information about the activities of the Drug Court as a whole and present a longer-term view of the Drug Court's finances. Fund financial statements tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Drug Court's operations in more detail than the government-wide statements by providing information about all the Drug Court's governmental funds.

These financial statements consist of three sections: management's discussion and analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

## **Reporting the Twenty-Sixth Judicial District, Drug Court Fund as a Whole**

### **The Statement of Net Position and the Statement of Activities**

Our analysis of the Drug Court as a whole begins on page 11. One of the most important questions asked about the Drug Court's finances is, "Is the Drug 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 about the Drug Court as a whole and about its 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 format used by most private-sector businesses. 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 Drug Court's *net position* and changes in them. One could think of net position — the difference between assets and liabilities — as a measurement of financial health, or *financial position*. Over time, *increases* and *decreases* in the Drug Court's net position indicate whether the Drug Court's *financial health* is improving or deteriorating. One should also consider non-financial factors, however, such as changes in the number of Drug Court participants, to assess the overall health of the Drug Court.

Currently, the Drug Court has governmental funds that provide for personnel, equipment, supplies, treatment, testing, and other costs related to the proper administration of the Drug Court for both Adults and Juveniles. Primarily, grants from the Louisiana Supreme Court finance the operations of each program.

## **Reporting the Funds of the Twenty-Sixth Judicial District Court – Drug Court Fund**

### **Fund Financial Statements**

Our analysis of the major funds maintained by the Drug Court begins on page 13. The fund financial statements provide detailed information about the specific activities of the significant Drug Court Funds maintained by the Court, not the Court as a whole. The Adult Drug Court and the Juvenile Drug Court are considered to be major funds. The Court adopts an annual budget for both funds. These specific funds are established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

The Drug Court's *governmental funds* use the following accounting approaches:

Governmental funds — All of the Drug Court's 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 the *modified accrual* accounting method, 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 Drug Court's general government operations and the expenses paid from those funds. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Drug Court's 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 following the fund financial statements.

**THE TWENTY-SIXTH JUDICIAL DISTRICT COURT - DRUG COURT FUND AS A WHOLE**

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Drug Court's governmental activities

**Table 1  
Net Position**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 125,362	\$ 131,244
Capital assets	<u>8,985</u>	<u>5,036</u>
Total assets	<u>134,347</u>	<u>136,280</u>
Other liabilities	14,109	21,095
Long-term liabilities	<u>45,000</u>	<u>45,000</u>
Total liabilities	<u>59,109</u>	<u>66,095</u>
Net Position:		
Invested in capital assets	8,985	5,036
Unrestricted	<u>66,253</u>	<u>65,149</u>
Total net position	\$ <u>75,238</u>	\$ <u>70,185</u>

The Drug Court's total net position changed from the prior year, increasing by \$5,053 or 7%.

**Table 2  
Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues		
Charges for services	\$ 30,364	\$ 42,030
Operating grants	<u>493,913</u>	<u>493,149</u>
Total revenues	<u>524,277</u>	<u>535,179</u>
Expenses:		
Adult Drug Court	405,821	367,745
Juvenile Drug Court	<u>113,403</u>	<u>154,335</u>
Total expenses	<u>519,224</u>	<u>522,080</u>
Increase (decrease) in net position	5,053	13,099
Net position – beginning	<u>70,185</u>	<u>57,086</u>
Net position – ending	\$ <u>75,238</u>	\$ <u>70,185</u>

The overall revenues decreased by approximately \$11,000, compared to last year. Drug Court participants are required to pay a minimum fee, or in lieu of payment satisfy the requirements of an alternate plan, such as perform volunteer community service. The decrease in revenues was attributed to a drop in amounts collected from drug program participants for the fees owed for drug testing and probation fees.

The Drug Court's major source of funding comes from the Louisiana Supreme Court. Each year, the Louisiana Supreme Court awards a specific number of treatment slots to the Drug Court. The dollar amount per treatment slot remained the same as last year. The overall number of treatment slots awarded to the Drug Court increased for adult treatments and decreased for juvenile treatments. In the prior year, the Drug Court was funded for 22 and 75 treatment slots for the juveniles and adults, respectively. In the current year, the Drug Court was funded for 15 and 80 treatments slots for juveniles and adults, respectively. Overall, the total program funding from the Louisiana Supreme Court was comparable to funding reported in the prior year.

Overall expenses were comparable to expenses incurred in the prior year.

### **THE DRUG COURT'S FUNDS**

As the Drug Court completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a fund balance of \$95,440 which is a \$970 increase over the prior fiscal year's fund balance of \$94,470.

Compared to prior year revenues, the Adult Drug Court fund revenues from the Louisiana Supreme Court increased by over \$46,000, while the Juvenile Drug Court fund revenues decreased by approximately \$46,000.

Overall total revenues decreased when compared to last year by approximately \$11,000. The decrease mainly occurred in the collections of drug testing and probation fees paid by Drug Court participants during the year.

Compared to prior year expenditures, the Adult Drug Court fund expenditures increased by over \$47,000, while the Juvenile Drug Court fund expenditures decreased by over \$44,000.

### **General Fund Budgetary Highlights**

The Drug Court prepared a budget for both the Adult and Juvenile Drug Court Funds for the year ended June 30, 2018. The budgets were submitted for approval to the Louisiana Supreme Court. The budgets were then adjusted according to grant award, and a final budget was prepared for the end of the fiscal year.

Both the Juvenile and Adult Court Fund's original budget was not amended during the year. The budgetary comparison is presented as required supplementary information and shown on pages 27-28.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of June 30, 2018, the Drug Court had invested \$8,985 in capital assets (see table 3 below).

**Table 3**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

	<u>Governmental activities</u>	
	<u>2018</u>	<u>2017</u>
Office equipment	\$ <u>32,731</u>	\$ <u>26,232</u>
Total capital assets	32,731	26,232
Less: accumulated depreciation	<u>(23,746)</u>	<u>(21,196)</u>
Net capital assets	\$ <u>8,985</u>	\$ <u>5,036</u>

Depreciation for the year was \$2,550. More detailed information about the capital assets is presented in Note D to the financial statements.

### DEBT

At June 30, 2018, the Drug Court had no outstanding bonded debt. More detailed information about the Fund's long-term obligations is presented in Note E to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Court operations are funded extensively by grants from the Louisiana Supreme Court. The Twenty-Sixth Judicial District Court - Drug Court Fund does not expect significant changes in next year's results as compared to the current year. The number of participants dictates the level of funding to be received. For the fiscal year 2018-2019, the Court received a budget award for the Juvenile and Adult Program of \$112,500 and \$390,000, respectively. The awards are set to cover 15 juvenile and 78 adult participants.

## CONTACTING THE TWENTY-SIXTH JUDICIAL DISTRICT COURT DRUG COURT FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the Drug Court's finances for those funds maintained by the Drug Court and to show the Drug Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Melissa W. Fox, Court Administrator, at P.O. Box 310, Benton, Louisiana, 71006.

## **BASIC FINANCIAL STATEMENTS**

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Statement of Net Position  
June 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
Current assets:	
Cash	\$ 47,747
Due from other governments	61,802
Prepays	15,813
Non-current assets:	
Capital assets, net of accumulated depreciation	8,985
 Total assets	 134,347
 <b>LIABILITIES</b>	
Accounts payable	14,109
Non-current liability	
Due in more than on year	45,000
Total liabilities	59,109
 <b>NET POSITION</b>	
Net investment in capital assets	8,985
Unrestricted	66,253
Total net position	\$ 75,238

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Statement of Activities  
For the Year Ended June 30, 2018**

<b>FUNCTION/PROGRAMS</b>	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (Expense) Revenue and Changes in Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<i>Governmental activities</i>				
General government:				
Adult Court	\$ 405,821	\$ 29,584	\$ 382,887	\$ 6,650
Juvenile Court	<u>113,403</u>	<u>780</u>	<u>111,026</u>	<u>(1,597)</u>
Total governmental activities	<u>\$ 519,224</u>	<u>\$ 30,364</u>	<u>\$ 493,913</u>	<u>5,053</u>
				5,053
				<u>70,185</u>
				<u>\$ 75,238</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Balance Sheet - Governmental Funds  
June 30, 2018**

	<u>Adult Court Fund</u>	<u>Juvenile Court Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,032	\$ 38,715	\$ 47,747
Due from other governments	<u>55,673</u>	<u>6,129</u>	<u>61,802</u>
Total assets	<u>\$ 64,705</u>	<u>\$ 44,844</u>	<u>\$ 109,549</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 13,123	\$ 986	\$ 14,109
Total liabilities	<u>13,123</u>	<u>986</u>	<u>14,109</u>
<b>FUND BALANCES</b>			
Assigned	<u>51,582</u>	<u>43,858</u>	<u>95,440</u>
Total fund balance	<u>51,582</u>	<u>43,858</u>	<u>95,440</u>
Total liabilities and fund balances	<u>\$ 64,705</u>	<u>\$ 44,844</u>	<u>\$ 109,549</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Reconciliation of the Balance Sheet of the Governmental Funds  
to the Statement of Net Position  
June 30, 2018**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$ 95,440
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet	8,985
Prepaid assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds balance sheet	15,813
Long-term liabilities not due and payable in the current period, and therefore, are not reported in the governmental funds balance sheet	<u>(45,000)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 75,238</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2018**

	Adult Court Fund	Juvenile Court Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Fees	\$ 29,584	\$ 780	\$ 30,364
Intergovernmental revenues	<u>382,887</u>	<u>111,026</u>	<u>493,913</u>
Total revenues	<u>412,471</u>	<u>111,806</u>	<u>524,277</u>
<b>EXPENDITURES</b>			
General government			
Personnel service & benefits	287,280	57,269	344,549
Travel, seminars, & conferences	6,665	586	7,251
Operating expense	71,461	40,967	112,428
Treatment expense	4,253	4,615	8,868
Testing and lab expense	33,760	8,673	42,433
Fees expended	160	-	160
Capital expenditures	<u>7,618</u>	<u>-</u>	<u>7,618</u>
Total expenditures	<u>411,197</u>	<u>112,110</u>	<u>523,307</u>
Net change in fund balances	1,274	(304)	970
Fund balance - beginning of year	<u>50,308</u>	<u>44,162</u>	<u>94,470</u>
Fund balance - end of year	<u>\$ 51,582</u>	<u>\$ 43,858</u>	<u>\$ 95,440</u>

The accompanying notes are an integral part of this statement.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2018**

Amounts reported for government activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ 970
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 6,499	
Depreciation expense	<u>(2,550)</u>	3,949

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	<u>134</u>
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Change in Net Position of Governmental Activities (Statement B)	<u>\$ 5,053</u>
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The accompanying notes are an integral part of this statement.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

## INTRODUCTION

The Twenty-Sixth Judicial District Court – Drug Court Fund was established under Louisiana Revised Statutes 13:5301 through 5304, which provides “for drug and alcohol treatment programs through drug divisions to be operated by the district courts,” as stated in enactment of Chapter 33 of Title 13. It further states that the purpose of the Drug Court is “to reduce the incidence of alcohol and drug use, alcohol and drug addiction, and crimes committed as a result of alcohol and drug use and alcohol and drug addiction.”

The Drug Court Fund is administered by the judges, en banc, of the Twenty-Sixth Judicial District and by the Drug Court Coordinator, who is an employee of the Bossier Parish Police Jury. The monies of the Twenty-Sixth Judicial District Court Drug Court Fund may be expended for those expenditures deemed necessary for the proper operation of each program.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying basic financial statements of the Twenty-Sixth Judicial District Court - Drug Court Fund (DCF) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### **Reporting Entity**

Governmental Accounting Standards Board (GASB) Statements establish 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.

Based on consideration of the foregoing criteria, the Twenty-sixth Judicial District Court is deemed to be a separate reporting entity. The Drug Court Fund (DCF) is under the oversight of the district court system. These financial statements include only information pertaining to the transactions of the Twenty-sixth Judicial District – Drug Court Fund. Certain units of the local government over which the Court exercises no oversight responsibility, such as the Bossier and Webster Parish Police Juries, other independently elected officials, and municipalities within the parish are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Court.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Basic Financial Statements**

The Drug Court's basic financial statements include both government-wide (reporting the funds maintained by the Drug Court as a whole) and fund financial statements (reporting the major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. All of the Drug Court's activities are categorized as governmental activities. The Drug Court does not have any business-type activities.

*Government-wide Financial Statements*

In the government-wide Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Drug Court's net position is reported in two parts - invested in capital assets, net of related debt and unrestricted net position.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

*Fund Financial Statements*

The financial transactions of the Drug Court Fund are recorded in individual funds in the fund financial statements. Each function is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various functions are reported by generic classification within the financial statements.

Only the governmental fund type is used by the Drug Court Fund. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financials resources) rather than upon net income.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and 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* transactions are recorded, regardless of the measurement focus applied.

The government-wide financial statements are presented 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred.

The Drug Court funds reports the following governmental funds:

- *Adult Drug Court Fund* – This fund accounts for all operations and activities of the Adult Drug Court.
- *Juvenile Drug Court Fund* – This fund accounts for all the operations and activities of the Juvenile Drug Court.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

**Financial Statement Amounts**

*Cash and cash equivalents* – Cash includes all demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Cash and cash equivalents are reported at their carrying amounts, which equal their fair market values.

*Receivables* – In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. No allowance for uncollectible accounts receivable is established, since all receivables are determined to be 100% collectible. Major receivable balances for governmental activities include amounts due from Louisiana Supreme Court grants for reimbursement of eligible drug court expenses.

Receivables are included in the fund financial statements if they are both measurable and available.

*Prepays* - Advance payments for software assurance licenses, dues, and insurance are expensed as the period on the contract or policy lapses. The balance in prepaids reflects costs applicable to future accounting periods and is recognized in the government-wide financial statements.

*Capital Assets* – In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost. If the asset was donated, it is recorded at its acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is recorded on a straight-line basis over the following estimated useful lives:

Vehicles	3-5 years
Equipment	3-5 years
Furniture and Fixtures	3-5 years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Drug Court or donated to the Drug Court and do not reflect assets of the court obtained from other sources.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fund balance* – The Drug Court implemented the provisions of Governmental Accounting Standards Board Statement 54, which redefined how fund balances are presented in the fund financial statements. In the fund financial statements, fund balances are classified as follows:

*Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - Amounts that can be spent only for specific purposes because of state or federal laws, or externally-imposed conditions by grantors or creditors.

*Committed* - Amounts that can only be used for specific purposes determined by a formal action of the highest level of decision-making authority. The Court's highest level of decision-making authority and commitment may be established, modified, or rescinded only as approved by the Judges.

*Assigned* - Amounts that are constrained by the Drug Court's intent to be used for specific purposes but are neither restricted nor committed. Amounts are not spendable until a budget ordinance is passed. The drug court administrator is authorized to assign amounts to a specific purpose. Assigned fund balance is established by amendment of the budget as intended for a specific purpose.

*Unassigned* - All amounts not included in other spendable classifications.

The Court has not adopted a policy to maintain the General Fund's unassigned fund balance above a certain minimum level.

The Drug Court reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Drug Court considers restricted amounts to have been spent when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balance is available.

*Revenues* – Substantially all government fund revenues are accrued. Those revenues primarily include grants from the Louisiana Supreme Court. Other revenues are fees collected from the participants for probation and drug screening. These revenues are recorded in the fiscal year they are collected by the Drug Court.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Expenditures* – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Major expenditures for the Drug Court are testing and treatment expenses, office expenses (which include any necessary expenses for the operation of the Drug Court), and salaries.

**Budgets and Budgetary Accounting**

The Twenty-Sixth Judicial District – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

**Estimates**

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

**B. CASH, CASH EQUIVALENTS AND INVESTMENTS**

At June 30, 2018, the Twenty-Sixth Judicial District Court – Drug Court Fund had cash and cash equivalents as shown below:

	Book <u>balance</u>	Bank <u>balance</u>
Non-interest bearing deposits	\$ <u>47,747</u>	\$ <u>56,606</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits 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 be equal to or greater than the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2018, the Twenty-Sixth Judicial District Court – Drug Court Fund had \$56,606 in bank balances. These deposits are secured from risk by \$56,606 of federal deposit insurance.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
 DRUG COURT FUND  
 Bossier and Webster Parishes  
 State of Louisiana

Notes to the Financial Statements  
 June 30, 2018

**C. RECEIVABLES**

At June 30, 2018, the Fund had \$61,802 in receivables, which are composed of amounts due from the Louisiana Supreme Court for reimbursement of program expenses. There is generally no allowance for doubtful accounts since all receivables are deemed collectible.

**D. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 is as follows:

	Balance June 30, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets being depreciated				
Office equipment	\$ <u>26,232</u>	\$ <u>6,499</u>	\$ _____ -	\$ <u>32,731</u>
Total capital assets being depreciated	<u>26,232</u>	<u>6,499</u>	_____ -	<u>32,731</u>
Less accumulated depreciation for:				
Office equipment	<u>21,196</u>	<u>2,550</u>	_____ -	<u>23,746</u>
Total accumulated depreciation	<u>21,196</u>	<u>2,550</u>	_____ -	<u>23,746</u>
Total capital assets, being depreciated, net	<u>5,036</u>	<u>3,949</u>	_____ -	<u>8,985</u>
Governmental activities capital assets, net	\$ <u>5,036</u>	\$ <u>3,949</u>	\$ _____ -	\$ <u>8,985</u>

Depreciation expense of \$2,550 was charged to general government as of June 30, 2018.

**E. LONG-TERM OBLIGATIONS**

As of June 30, 2018, the Drug Court reported \$45,000 as a long-term obligation due in more than one year. See Note L for further details.

All of the employees of the Drug Court are considered employees of the Bossier Parish Police Jury. Per office policy, there are no accumulated and vested benefits relating to annual and sick leave.

**F. SALARY EXPENDITURES**

The Bossier Parish Police Jury administers the payroll for all Drug Court employees, excluding the judges. The Drug Court reimburses the Bossier Parish Police Jury for the salaries and related fringe benefits of all court employees, including the Drug Court Coordinator and counselors on

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

staff. The amounts included in the accompanying financial statements are the actual salary expenditures of the Drug Court.

**G. PENSION PLAN**

All of the Drug Court's employees are considered employees of the Bossier Parish Police Jury, and accordingly, are enrolled by the Police Jury as members of Plan A of the Parochial Employees Retirement System of Louisiana ("System"), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The Police Jury and the Drug Court Fund do not guarantee any of the benefits granted by the System.

**H. LEASES & COMMITMENTS**

The Drug Court Fund leases office space under operating leases. Rental costs for the year ended June 30, 2018, were \$6,000.

The Drug Court Fund has an operating lease with Siemens Healthcare Diagnostics, Inc, for Wintex and Viva E drug lab equipment. The terms of the lease agreement cover the lease of the medical equipment, purchase of reagents, consumables and supplies, and services. The agreement is for a term of seven years, starting September, 2015. The Drug Court agreed to purchase an annual minimum amount of reagents, consumables and supplies of \$34,950 over the next seven years. The portion of the commitment allocable to the equipment is \$1,000 per month.

The minimum annual commitments under noncancelable operating leases are as follows:

<u>Fiscal Year:</u>	
2019	\$ 12,000
2020	12,000
2021	12,000
2022	12,000
2023	<u>2,000</u>
Total	\$ <u>50,000</u>

**I. LITIGATION**

The 26<sup>th</sup> Judicial District Court, Drug Court Fund is not involved in any litigation as of June 30, 2018, nor is it aware of any unasserted claims.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to the Financial Statements  
June 30, 2018

**J. ARRANGEMENTS WITH PARISH GOVERNMENTS**

The drug court office spaces, including utilities and certain office equipment and furniture, are furnished by the Bossier Parish Policy Jury free of charge.

**K. ARRANGEMENTS WITH OTHER GOVERNMENTS**

The Drug Court has an agreement with the Twenty-Sixth Judicial District Court - Judicial Expense Fund to pay a monthly fee of \$1,700 for bookkeeping services. During the year, a total of \$20,400 was paid to the Twenty-sixth Judicial District Court - Judicial Expense Fund.

Funding for the Drug Court Program is structured following the reimbursement method. As a result, the Drug Court would have a monthly cash flow deficiency which was created by its having to cover its monthly payroll expenses on a timely basis as requested by the Bossier Parish Police Jury.

Each month the Drug Court would reimburse the Bossier Parish Police Jury before receipt of the funding from the Supreme Court. Therefore, in December 2010, the Twenty-Sixth District Court - Judicial Expense Fund decided to advance the Drug Court Program a one-time amount of \$45,000 to assist the Drug Court in paying its bills when due. This amount will continue until such time as the Louisiana Supreme Court changes the policy for funding the Drug Court Program. In the event, the Drug Court Program is discontinued, the \$45,000 advance will be paid immediately to the Twenty-sixth Judicial District – Judicial Expense Fund.

The \$45,000 is shown as a long-term obligation to other governments on the Statement of Net Position.

**L. DEFICIT FUND BALANCE**

There were no deficit fund balances for the year ended June 30, 2018.

**M. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 18, 2018, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary.

**REQUIRED SUPPLEMENTAL INFORMATION (PART II)**

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Budgetary Comparison Schedule  
Adult Drug Court Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES (inflows)</b>				
Fees	\$ 51,840	\$ 51,840	\$ 29,584	\$ (22,256)
Operating grants	400,000	400,000	382,887	(17,113)
Total revenues	<u>451,840</u>	<u>451,840</u>	<u>412,471</u>	<u>(39,369)</u>
<b>EXPENDITURES (outflows)</b>				
General government	451,840	451,840	411,197	40,643
Total expenditures	<u>451,840</u>	<u>451,840</u>	<u>411,197</u>	<u>40,643</u>
Excess of revenues over expenditures	-	-	1,274	1,274
Fund balance at beginning of year	50,308	50,308	50,308	-
Fund balance at end of year	<u>\$ 50,308</u>	<u>\$ 50,308</u>	<u>\$ 51,582</u>	<u>\$ 1,274</u>

See accompanying note to budgetary comparison schedule.

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Budgetary Comparison Schedule  
Juvenile Drug Court Fund  
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
<b>REVENUES (inflows)</b>				
Fees	\$ 1,620	\$ 1,620	\$ 780	\$ (840)
Operating grants	112,500	112,500	111,026	(1,474)
Total revenues	<u>114,120</u>	<u>114,120</u>	<u>111,806</u>	<u>(2,314)</u>
<b>EXPENDITURES (outflows)</b>				
General government	114,120	114,120	112,110	2,010
Total expenditures	<u>114,120</u>	<u>114,120</u>	<u>112,110</u>	<u>2,010</u>
(Deficiency) of revenues over expenditures	-	-	(304)	(304)
Fund balance at beginning of year	44,162	44,162	44,162	-
Fund balance at end of year	<u>\$ 44,162</u>	<u>\$ 44,162</u>	<u>\$ 43,858</u>	<u>\$ (304)</u>

See accompanying note to budgetary comparison schedule.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

Notes to Requirement Supplementary Information  
On Budgetary Accounting and Control  
June 30, 2018

**BUDGETARY ACCOUNTING AND CONTROL**

The Twenty-Sixth Judicial District Court – Drug Court Fund annually prepares a budget prior to the end of the current fiscal year and submits it to the Louisiana Supreme Court for approval. The budget is prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United State of America (GAAP). From time to time the budget is amended. This can only be done with the approval of the Louisiana Supreme Court.

It was determined that the Twenty-Sixth Judicial District Court – Drug Court Fund was not subject to the requirements of the Local Government Budget Act, found in Louisiana Revised Statutes 39:1301-1315.

**SUPPLEMENTARY INFORMATION**

**TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana**

**Schedule of Compensation, Benefits and Other Payments  
to Agency Head  
June 30, 2018**

Agency Head: Drug Court Administrator	<b>Tabitha Gibson</b>	<b>Lana Rosalee</b>
<b>Purpose</b>		
Salary	\$ 42,468	\$ 16,000
Retirement	4,450	-
Insurance	668	2,263
Cell phone	377	138
Reimbursements	3,127	-
Travel	890	1,627

See independent auditors' report.

## **OTHER REPORTS**

# WISE, MARTIN & COLE, L.L.C.

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

The Honorable Judges of the Twenty-Sixth  
Judicial District Court – Drug Court Fund  
Minden, 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 and each major fund of the Twenty-Sixth Judicial District Court – Drug Court Fund as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements and have issued our report thereon dated December 18, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Twenty-Sixth Judicial District Court – Drug Court Fund'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 Twenty-Sixth Judicial District Court – Drug Court Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund'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 preceding paragraph 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 Twenty-Sixth Judicial District Court – Drug Court Fund’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 fund’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 fund’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended purpose of these reports is limited, under Louisiana Revised Statutes 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Wesley Martin & Cole, LLC*

Minden, Louisiana  
December 18, 2018

**OTHER INFORMATION**

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the Year Ended June 30, 2018

**ML 2017-01 Use of program funds**

Comment: Participants in the drug court program are required to pay a monthly probation and weekly drug testing fee. Several drug court program participants purchased food, drinks and gift cards. Management asserts that the food and drinks were for graduation programs and the gift cards were donations to Toys for Tots. The amounts paid for these items by the program participants were then allowed as credits to reduce the amount of drug testing fees to be paid by the drug court program participants. Our tests revealed \$153 in food and drink purchases, and \$520 in donated gift cards.

Status: Resolved.

TWENTY-SIXTH JUDICIAL DISTRICT COURT  
DRUG COURT FUND  
Bossier and Webster Parishes  
State of Louisiana

**SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
AND CORRECTIVE ACTION PLAN**  
For the Year Ended June 30, 2018

**Section I - Internal Control and Compliance Material to the Financial Statements**

The results of our auditing procedures of the basic financial statements as of and for the year ended June 30, 2018, of the Twenty-Sixth Judicial District Court – Drug Court Fund disclosed no items that are required to be reported in accordance with *Government Auditing Standards*.

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Judges of the Twenty-Sixth Judicial  
District Court -Drug Court Fund and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Twenty-Sixth Judicial District Court - Drug Court Fund 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 July 1, 2017 through June 30, 2018. The Court's management is responsible for those C/C areas identified in the SAUPs.

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*. 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.

The procedures and associated findings 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
  - 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.

*Written policies and procedures were obtained and address all of the categories and functions listed above.*

### **Collections**

---

- 2. 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).

*Management provided us with the required list and representation that the list was complete.*

- 3. 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.

*Management provided us with the required list and representation that the list was complete.*

*Management also provided us with written policies and procedures relating to job duties, and observation revealed that job duties are properly segregated at the collection location.*

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

***Exception:*** *Inquiry revealed that all employees who have access to cash were covered by a bond or insurance policy for theft as of March 29, 2018. Employees were not bonded during the period of July 1, 2017 – March 28, 2018.*

***Management response:*** *New Drug Court Coordinator was hired in March of 2018 and initiated the process of securing a public employee's blanket bond to cover staff members who have access to money orders collected from participants. No cash is exchanged. Coverage began March 29, 2018 through Western Surety Company and remains in effect until March 29, 2019. The bond will be renewed annually.*

5. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* 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.

***Exception:*** *All criteria were met, except for item d. (See details below)*

*The deposit date of 09/12/2017 was tested. The date that the money order was received was not notated in the documentation, instead, the former Drug Court Coordinator used the date the money order was purchased by the client. Therefore, we were unable to determine with certainty, the date the money orders were received by the Court to determine whether deposited within one week.*

*We also tested the 01/31/2018 deposit. The receipts were stamped with the date the money orders were received. However, three of the five money orders received were not deposited within a week of receipt.*

**Management response:** *The former Drug Court Coordinator recorded the date that money orders were purchased rather than the day it was actually received. The current Drug Court Coordinator submits all money orders in a timely manner, with a received date stamped on the money order, to ensure deposits are made within one week.*

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

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6. 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).

*Management provided us with the required list and representation that the listing is complete.*

7. For each location selected under #6 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:

*Management provided us with the required list and written policies and procedures relating to employee job duties.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

**Exception:** *Purchases are initiated and approved by the same person, the Drug Court Coordinator.*

**Management response:** *The District does not use requisition/purchase order system to initiate purchases. Although the same person handles the duties for initiating, approving and making purchases, the Court requires that invoices be presented along with the checks, at the time checks are signed. At this time, a separate person, either the Court Administrator or Judge will look at invoices for purchases made by the Drug Court Coordinator.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*

- 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.

*Exception:* The same employee responsible for processing payments, can also add a new vendor. The current policy does not address periodically reviewing changes to vendor files.

**Management response:** The 26<sup>th</sup> Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. The Court believes it is not cost beneficial to hire additional staff to help with these functions due to the size and nature of the fund. The Court Administrator and Judges will continue to be heavily involved with daily oversight. Additionally, the policy will be amended to reflect that the Court Administrator will periodically review the vendor list.

- 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.

*Exception:* Once checks are signed, they go back to fiscal agent to be mailed. The fiscal agent is also responsible for processing payments. Prior to check being mailed, a copy of the signed check is made.

**Management response:** The 26<sup>th</sup> Judicial District Court consists of a small staff performing a variety of job duties. Currently, the Financial Director is the only staff member with the ability to perform the accounting function of the court. The Court believes it is not cost beneficial to hire additional staff to help with these functions due to the size and nature of the fund. The Court Administrator and Judges will continue to be heavily involved with daily oversight.

- 8. For each location selected under #6 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:

*Management provided us with the required info and representation that the information was complete.*

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #7, as applicable.

**Exception:** *Of the five items tested, one exception was noted. One disbursement for a reimbursement to the former Drug Court Coordinator did not include a payment authorization form with initial/signatures to indicate approval for payment.*

**Management response:** *The tested reimbursement was presented to the Court Administrator for approval as evidenced by her signature on the check. However, the form itself was not signed. Going forward, all forms will be signed to note approval.*

### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

9. 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.

*Management provided the require listing and representation that the listing was 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](http://www.gsa.gov)).

*For 2 of the 5 reimbursements, the reimbursement rate used agreed to the rates established by the State of Louisiana.*

**Exception:** *For 3 of the 5 reimbursements, the reimbursement rate did not agree to the rate established by the State of Louisiana.*

- *One transaction reimbursed meals and lodging using the State of Texas per diem rates, instead of the State of Louisiana. In addition, the meals reimbursed included per diem for breakfast, which was included in the conference schedule. Overall, this transaction resulted in an overpayment for meals of \$20.50 and an underpayment for lodging of \$4.00.*
- *One transaction reimbursed for meals that were included in the conference schedule. The policy indicates that if a meal is included in the conference it cannot be submit for reimbursement, resulting in an overpayment of \$37.*
- *One transaction reimbursed mileage using an old rate of 51 cents, instead of 53 cents.*

**Management response:** *During the transition period of Drug Court Coordinators employee travel did occur and the rates applied were from General Services Administration. Our current policy and procedure will be to follow the tiered system per diem rates for expense reimbursement set forth by the State of Louisiana Travel Guide. Going forward we will be using the State's travel guidelines per our written policy.*

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

*No exceptions noted.*

- 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).

*No exceptions noted.*

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions noted.*

### ***Contracts***

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10. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete.

*Management provided the require listing and representation that the listing was complete.*

Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) 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.

*Step does not apply – contracts selected were not required to be bid.*

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*Policy does not require approval by the governing body/board.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*Step does not apply - Contract was not amended during the year.*

- d) 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 noted.*

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 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.

*Wise Martin & Cole, LLC*

Minden, LA

December 18, 2018