

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

ANNUAL FINANCIAL STATEMENTS

JUNE 30, 2023

TWENTY-SIXTH JUDICIAL DISTRICT COURT
 DRUG COURT FUND
 Bossier and Webster Parishes
 State of Louisiana
 Annual Financial Statements
 Year Ended June 30, 2023

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TWENTY-SIXTH JUDICIAL DISTRICT COURT
 DRUG COURT FUND
 Bossier and Webster Parishes
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 Annual Financial Statements
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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 Audit of the Financial Statements

Opinions

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 as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the fund's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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 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 Twenty-Sixth Judicial District Court – Drug Court Fund 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.

Change in Accounting Principle

As described in Note 13 to the financial statements, in 2023, the Drug Court fund adopted new accounting guidance, GASB Statement No. 96, Subscription Based Information Technology Arrangements. Our report is not modified with respect to this matter.

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 Twenty-Sixth Judicial District Court – Drug Court Fund’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 Responsibilities 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Twenty-Sixth Judicial District Court – Drug Court Fund’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 Twenty-Sixth Judicial District Court – Drug Court Fund’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 management's discussion and analysis and budgetary comparison information on pages 5–9 and 27 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 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 accompanying schedule of compensation, benefits and other payments to agency head and the justice system funding schedule, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head and the justice system funding schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Twenty-Sixth Judicial District Court – Drug Court Fund's internal control over financial reporting and compliance.

Wise, Martin & Cole, LLC

Minden, Louisiana
December 21, 2023

REQUIRED SUPPLEMENTARY INFORMATION (PART I)



**TWENTY-SIXTH JUDICIAL DISTRICT COURT
DRUG COURT PROGRAM
Bossier & Webster Parishes**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) of the Twenty-Sixth Judicial District Court – Drug Court Fund (Drug Court) provides an overview of the Drug Court's financial activities for the fiscal year ended June 30, 2023, 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, 2023, was \$74,865, of which \$4,317 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 28% over last year's net position.
- During the year ended June 30, 2023, the governmental fund total expenditures of \$509,092.

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 Adults. Primarily, grants from the Louisiana Supreme Court finance the operations of the program.

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

Fund Financial Statements

Our analysis of the major fund 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 fund maintained by the Court, not the Court as a whole. The Drug Court has only one governmental fund which is also considered a major fund. The Court adopts an annual budget for this fund. The specific fund is 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 fund uses the following accounting approaches:

Governmental fund — All of the Drug Court's basic services are reported in its governmental fund, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. This fund is 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 this fund. 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>2023</u>	<u>2022</u>
Current and other assets	\$ 105,548	\$ 103,243
Capital assets	4,317	8,522
Total assets	<u>109,865</u>	<u>111,765</u>
Other liabilities	-	6,533
Long-term liabilities	35,000	46,756
Total liabilities	<u>35,000</u>	<u>53,289</u>
Net Position		
Invested in capital assets	4,317	6,766
Unrestricted	70,548	51,710
Total net position	<u>\$ 74,865</u>	<u>\$ 58,476</u>

A portion of the Drug Court fund’s net position reflects its investment in capital assets, which is made up of office equipment and computers. The Drug Court uses these assets to provide services; consequently, these assets are not available for future spending. The Drug Court’s total net position changed from the prior year, increasing by \$16,390. The unrestricted net position represents accumulated results of all the past year’s operations and is available for future spending.

**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues		
Charges for services	\$ 39,866	\$ 49,977
Operating grants and contributions	479,070	443,128
General revenues: investment earnings	4	-
Total revenues	<u>518,940</u>	<u>493,105</u>
Expenses:		
Adult Drug Court	502,550	485,215
Total expenses	<u>502,550</u>	<u>485,215</u>
Increase (decrease) in net position	16,390	7,890
Net position – beginning	58,475	50,585
Net position – ending	<u>\$ 74,865</u>	<u>\$ 58,475</u>

The overall revenues increased by approximately \$26,000, compared to last year. 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 is \$6,000, that same as last year's award per slot. The overall number of treatment slots awarded to the Drug Court remained the same, being eighty treatment slots.

Overall, the program expenses increased by more than \$17,000 over last year. A majority of the increases occurred in the personnel costs and office expenses, increasing approximately \$13,000 and \$4,000 respectively. Increases were attributable to the court being able to operate the full year using the funding available from the Supreme Court.

THE DRUG COURT'S FUNDS

As the Drug Court completed the year, its governmental fund (as presented in the balance sheet on page 13) reported a fund balance of \$105,237 which is a \$9,848 increase over the prior fiscal year's fund balance of \$95,389. The increase in fund balance is due to the Drug Court being able to retain a portion of the fees collected. The intent of the Drug Court is to use these funds to pay back the Court for the advancement of cash from prior years. A total of \$10,000 was paid back to the 26th Judicial District Court – Judicial Expense Fund during the current year.

Compared to prior year revenues, the revenues from the Louisiana Supreme Court increased by approximately \$36,000. Revenues from the Supreme Court are expenditure-driven since the grant from the Supreme Court is a cost reimbursement grant. For the current year, the Drug Court was operating for the full year. Therefore, as the expenditures increased, the revenues also increased.

Compared to prior year expenditures, the Adult Drug Court fund expenditures increased by approximately \$16,300. While personnel costs and travel & training increased by approximately \$14,600 and \$6,600, respectively, operating expenses decreased by approximately \$4,900.

General Fund Budgetary Highlights

The Drug Court prepared a budget for the Drug Court funds for the year ended June 30, 2023. The budget was submitted for approval to the Louisiana Supreme Court. The budget was amended to reduce the original budgeted revenues for the Supreme Court reimbursements to be in line with the reduction in expenditures.

Overall budgeted expenditures were amended to reflect changes in personnel costs within administrative, treatment and testing categories, resulting in a net decrease of only \$930.

The budgetary comparison is presented as required supplementary information and shown on page 27.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the Drug Court had invested \$4,317 in capital assets (see Table 3 below).

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

	<u>Governmental activities</u>	
	<u>2023</u>	<u>2022</u>
Office equipment	\$ 23,744	\$ 23,744
Leased equipment (intangible asset)	-	73,766
Total capital assets	<u>23,744</u>	<u>97,510</u>
Less: accumulated depreciation/amortization	<u>(19,427)</u>	<u>(88,988)</u>
Net capital assets	<u>\$ 4,317</u>	<u>\$ 8,522</u>

Depreciation for the year was \$4,205. More detailed information about the capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2023, the Drug Court had no outstanding bonded debt. More detailed information about the Fund's long-term obligations is presented in Note 5 and Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Court operations are funded extensively by a grant from the Louisiana Supreme Court. The number of participants dictates the level of funding to be received. The Drug Court Program received a budget reward for the Adult Program of \$456,000, respectively. This award is set to cover seventy-six adult participants for the fiscal year of 2023-2024.

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, 2023**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash	\$ 62,905
Due from other governments	42,332
Prepays	311
Non-current assets:	
Capital assets, net of accumulated depreciation	<u>4,317</u>
Total assets	<u>109,865</u>
LIABILITIES	
Non-current liability	
Due in less than one year	10,000
Due in more than one year	<u>25,000</u>
Total liabilities	<u>35,000</u>
NET POSITION	
Net investment in capital assets	4,317
Unrestricted	<u>70,548</u>
Total net position	<u>\$ 74,865</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 Activities
For the Year Ended June 30, 2023**

FUNCTION/PROGRAMS	<u>Expenses</u>	Program revenues		Net (Expense) Revenue and Changes in Position
		Charges for Services	Operating Grants and Contributions	
<i>Governmental activities</i>				
General government:				
Adult Court	\$ 502,550	\$ 39,866	\$ 479,070	\$ 16,386
Total governmental activities	<u>\$ 502,550</u>	<u>\$ 39,866</u>	<u>\$ 479,070</u>	<u>16,386</u>
General revenues				
				4
				<u>4</u>
			Change in net position	16,390
			Net position-beginning	<u>58,475</u>
			Net position-ending	<u>\$ 74,865</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 Fund
June 30, 2023**

	<u>General fund</u>
ASSETS	
Cash and cash equivalents	\$ 62,905
Due from other governments	<u>42,332</u>
 Total assets	 <u>\$ 105,237</u>
FUND BALANCE	
Assigned	<u>105,237</u>
Total fund balance	<u>105,237</u>
 Total liabilities and fund balance	 <u>\$ 105,237</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 Governmental Fund Balance Sheet
to the Government-wide Statement of Net Position
June 30, 2023**

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

Fund Balance, Total Governmental Fund (Statement C)	\$ 105,237
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet	4,317
Prepaid assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds balance sheet	311
Long-term liabilities not due and payable in the current period, and therefore, are not reported in the governmental funds balance sheet	<u>(35,000)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ 74,865</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 Balance - Governmental Fund
For the Year Ended June 30, 2023**

	General fund
REVENUES	
Fees	\$ 39,866
Intergovernmental revenues	479,070
Investment earnings	4
Total revenues	518,940
EXPENDITURES	
Current:	
Personnel service & benefits	371,219
Travel, seminars, & conferences	8,497
Operating expense	54,625
Testing and lab expense	62,181
Treatment expense	570
Other expenses	10,000
Debt service:	
Principal	1,756
Interest expense	244
Total expenditures	509,092
Excess of revenues over expenditures	9,848
Fund balance - beginning of year	95,389
Fund balance - end of year	\$ 105,237

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 Balance of the Governmental Fund
to the Statement of Activities
June 30, 2023**

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

Net Change in Fund Balance, Total Governmental Fund (Statement E)	\$ 9,848
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 outlays exceeded depreciation in the current period.	(4,205)
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	(1,009)
Repayment of long-term debt consumes current financial resources of governmental funds. This transaction, however, has no effect on the Statement of Net Position.	
Principal payments on lease of equipment	1,756
Payback of advance	<u>10,000</u>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ 16,390</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

Notes to the Financial Statements
June 30, 2023

INTRODUCTION

The Twenty-Sixth Judicial District Court – Drug Court Fund (Drug Court) 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 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 Drug Court may be expended for those expenditures deemed necessary for the proper operation of the Drug Court program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Drug Court 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.

B. 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 is under the oversight of the district court system. These financial statements include only information pertaining to the transactions of the Drug Court. 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, 2023

C. BASIC FINANCIAL STATEMENTS

The Drug Court's basic financial statements include both government-wide (reporting the Drug Court as a whole) and fund financial statements (reporting the Drug Court's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Drug Court's Adult fund is classified as governmental activities. The Drug Court does not have any business-type activities.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The government-wide statements report information on all of the nonfiduciary activities of the Drug Court.

In the 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 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. Indirect expenses not allocated to functions are reported separately in the Statement of Activities.

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 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. 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, 2023

D. 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 reports the activity of one governmental fund, the General fund, which accounts for all operations and activities of the Adult Drug Court program.

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.

E. BUDGETS AND BUDGETARY ACCOUNTING

The Drug Court 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.

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

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

Notes to the Financial Statements
June 30, 2023

F. 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.

G. 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.

H. PREPAIDS

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.

I. 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.

J. NET POSITION

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by credits (such as debt covenants), grants, contributors, or laws or regulations of other governments.

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

Notes to the Financial Statements
June 30, 2023

- Restrictions imposed by law through constitutional provision or enabling legislation.

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.

K. FUND BALANCE

Fund balances is reported in the following categories:

Nonspendable – Fund balance that cannot is not in spendable form or is legally or contractually required to be maintained intact.

Restricted – Fund balance that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – Fund balance 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. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Fund balance 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 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.

L. 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, 2023

M. 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 personnel and related benefit costs.

N. 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.

2. CASH AND CASH EQUIVALENTS

At June 30, 2023, the Drug Court had cash and cash equivalents as shown below:

	Book <u>balance</u>	Bank <u>balance</u>
Deposits	\$ <u>62,905</u>	\$ <u>69,449</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, 2023, the Drug Court had \$69,449 in bank balances. These deposits are secured from risk by \$69,449 of federal deposit insurance. The Court does not have a formal policy that limits allowable deposits or addresses custodial credit risk.

3. RECEIVABLES

At June 30, 2023, the Drug Court had \$42,332 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.

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

Notes to the Financial Statements
 June 30, 2023

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>
Governmental Activities:				
Capital assets being depreciated and amortized				
Office equipment	\$ 23,744	\$ -	\$ -	\$ 23,744
Leased equipment	<u>73,766</u>	<u>-</u>	<u>(73,766)</u>	<u>-</u>
Total capital assets being depreciated and amortized	<u>97,510</u>	<u>-</u>	<u>(73,766)</u>	<u>23,744</u>
Less: Accumulated depreciation and amortization				
Office equipment	(15,222)	(4,205)	-	(19,427)
Leased equipment	<u>(73,766)</u>	<u>-</u>	<u>73,766</u>	<u>-</u>
Total accumulated depreciation and amortization	<u>(88,988)</u>	<u>(4,205)</u>	<u>73,766</u>	<u>(19,427)</u>
Capital assets, net	<u>\$ 8,522</u>	<u>\$ (4,205)</u>	<u>\$ -</u>	<u>\$ 4,317</u>

Depreciation expense of \$4,205 was charged to general government as of June 30, 2023.

5. LONG-TERM OBLIGATIONS

	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Loan from 26 th JDC	\$ 45,000	\$ -	\$ (10,000)	\$ 35,000	\$ 10,000
Lease liability	<u>1,756</u>	<u>-</u>	<u>(1,756)</u>	<u>-</u>	<u>-</u>
Total long-term obligations	<u>\$ 46,756</u>	<u>\$ -</u>	<u>\$ (11,756)</u>	<u>\$ 35,000</u>	<u>\$ 10,000</u>

The Adult Drug Court fund is used to liquidate the long-term liabilities. See Note 8 for details on lease liability.

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

TWENTY-SIXTH JUDICIAL DISTRICT COURT
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Bossier and Webster Parishes
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Notes to the Financial Statements
June 30, 2023

Each month the Drug Court reimburses the Bossier Parish Police Jury before receipt of the funding from the Supreme Court. In December 2010, the Twenty-Sixth District Court - Judicial Expense Fund advanced the Drug Court a one-time amount of \$45,000 to assist the Drug Court in paying its bills when due. This amount will remain with the Drug Court until such time as the Louisiana Supreme Court changes the policy for funding the Drug Court. In the event the Drug Court is discontinued, the \$45,000 advance will be paid immediately to the Twenty-sixth Judicial District – Judicial Expense Fund. During the fiscal year \$10,000 of the advance was paid back to the Twenty-Sixth District Court – Judicial Expense Fund, leaving a balance of \$35,000 on June 30, 2023.

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.

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

7. 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.

8. LEASES & COMMITMENTS

During the year, the Drug Court fund had a lease for 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, with an interest rate of 3.9%. The Drug Court agreed to purchase an annual minimum number of reagents, consumables and supplies of \$34,950 over a seven-year period. The portion of the commitment allocable to the equipment is \$1,000 per month. The lease ended during the fiscal year and was not renewed.

9. LITIGATION

The 26th Judicial District Court, Drug Court is not involved in any litigation as of June 30, 2023, 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, 2023

10. 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.

11. 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 \$2,000 for bookkeeping services. During the year, a total of \$24,000 was paid to the Twenty-sixth Judicial District Court - Judicial Expense Fund.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 21, 2023. This date represents the date the financial statements were available to be issued.

13. NEW GASB STANDARDS

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments. This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition will result in greater consistency in practice. This Statement will also enhance the relevance and reliability of a government's financial statements by requiring recognition of a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The adoption of this standard had no impact on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

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

**Budgetary Comparison Schedule
General fund
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES (inflows)				
Fees	\$ 43,000	\$ 43,000	\$ 39,866	\$ (3,134)
Intergovernmental revenues	480,000	479,070	479,070	-
Investment earnings	-	-	4	4
Total revenues	<u>523,000</u>	<u>522,070</u>	<u>518,940</u>	<u>(3,130)</u>
EXPENDITURES (outflows)				
General government	<u>523,000</u>	<u>522,070</u>	<u>509,092</u>	<u>12,978</u>
Total expenditures	<u>523,000</u>	<u>522,070</u>	<u>509,092</u>	<u>12,978</u>
Excess of revenues over expenditures	-	-	9,848	9,848
Fund balance at beginning of year	<u>95,389</u>	<u>95,389</u>	<u>95,389</u>	-
Fund balance at end of year	<u>\$ 95,389</u>	<u>\$ 95,389</u>	<u>\$ 105,237</u>	<u>\$ 9,848</u>

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, 2023**

	Lana Rosalee
Agency Head: Drug Court Administrator	
Purpose	
Salary	\$ 72,114
Insurance	8,448
Dues	50
Reimbursements	346
Travel	1,729
Lodging	506
Meals	230
Other	167
	\$ 83,590

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

Justice System Funding Schedule - Collecting/Disbursing Entity
For the Year Ended June 30, 2023

Cash Basis Presentation	First Six Month Period Ended 12/31/2022	Second Six Month Period Ended 06/30/2023
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Probation/Parole/Supervision Fees	16,914	22,952
Subtotal Collections	16,914	22,952
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency Probation/Parole/Supervision Fees	16,914	22,952
Subtotal Retainage	16,914	22,952
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected	-	-
Total Waivers During the Fiscal Period	-	-

OTHER REPORTS

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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 Judges of the Twenty-Sixth
Judicial District Court – Drug Court Fund
Bossier and Webster Parishes, 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, 2023, and the related notes to the financial statements, which collectively comprise Twenty-Sixth Judicial District Court – Drug Court Fund's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

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

Wise, Martin & Cole, LLC

Minden, Louisiana
December 21, 2023

SCHEDULES FOR LOUISIANA LEGISLATIVE AUDITOR

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

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2023

There were no items required to be reported.

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

SCHEDULE OF CURRENT YEAR FINDINGS
For the Year Ended June 30, 2023

There were no items required to be reported.

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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
Bossier and Webster Parishes, 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) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Drug Court's management is responsible for those C/C areas identified in the SAUPs.

The Twenty-Sixth Judicial District Court – Drug Court Fund 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, 2022 through June 30, 2023. 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether 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.
Written policy and procedures were obtained and addressed all the functions above.
 - 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.

Exception: *Written policy and procedures were obtained and address applicable functions (1), (2), and (3). The policy and procedures did not document the Drug Court's policy or address items (4) and (5).*

Management response: *We agree specific documentation should be reflected in the drug court policy along with controls to ensure compliance with public bid law. The Policy has been amended for resolution.*

- c) **Disbursements**, including processing, reviewing, and approving.

Written policy and procedures were obtained and addressed all the functions above.

- 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).

Written policy and procedures were obtained and addressed all the functions above.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee's rates of pay or approval and maintenance of pay rate schedules.

Exception: *Written policy and procedures were obtained and address applicable functions (1) and (2). The policy and procedures did not document the Drug Court's policy or address item (3).*

Management response: *We agree the policy and procedure do not document the approval process for employee's rates of pay or approval and maintenance of pay rate schedules. The Policy has been amended for resolution.*

- 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.

Written policy and procedures were obtained and addressed all the functions above.

- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policy and procedures were obtained and addressed all the functions above.

- h) **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).

These procedures do not apply since the Drug Court does not have credit cards, fuel cards or P cards.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Exception: *Written policy and procedures were obtained and address applicable functions (1), (2) and (3). The policy and procedures did not document the Drug Court's policy or address item (4).*

Management response: We agree that the current policy does not demonstrate that all employees and officials are notified of any changes to drug court's ethics policy. The Policy has been amended for resolution.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

These procedures do not apply since the Drug Court does not have debt.

- k) **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.

Written policy and procedures were obtained and addressed all the functions above.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policy and procedures were obtained and addressed all the functions above.

Board or Finance Committee

2. 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:
- a) 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.
 - b) 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.
 - c) 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.
 - d) 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.

The above procedures related to the board or finance committee do not apply. Judges of the Drug Court are not required to hold open meetings and minutes of judiciary meetings are not public.

Bank Reconciliation

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all

accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Management provided us with a list of bank accounts and representation that the list is complete.

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

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

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

No exceptions noted.

Collections (excluding electronic funds transfers)

4. 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 listing is complete.

5. 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:

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

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exception noted.

- 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.

No exception noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

All employees who have access to cash are covered by a bond or insurance policy for theft.

7. 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.

Receipts are sequentially pre numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- d) Observe 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 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

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

8. 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.

9. For each location selected under #8 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 representation that the listing is complete.

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

Not applicable - The Court does not utilize a requisition/purchase order system. Purchases receive advance approval through budgetary allocations, except when state law or policy require formal bids.

- 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.
No exceptions noted.
- 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.
No exceptions noted.
- e) Only employees/officials authorized to sign checks approve the electronic disbursements (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Exception: In relation to electronic disbursements, we observed that the Drug Court Coordinator approves disbursements and the Fiscal Agent submits the electronic disbursements, however, approval of electronic disbursement by authorized signers was not specifically addressed.

Management response: We agree that approval of electronic disbursement by authorized signers was not specifically addressed in Policy. The Policy has been amended for resolution.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
No exceptions noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
No exceptions noted.
- 11. 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.

Exception: While electronic disbursements selected were approved by the Drug Court Coordinator and submit by the Fiscal agent, they were not approved by persons authorized to sign checks and were not approved by 2 authorized signers, as required by the written policy.

Management response: We agree that documentation was not provided, although proper paperwork was in place and has been updated with the bank. The Policy has been amended to include this documentation.

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

12. 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.

Management represented that they do not have any credit cards, debit cards, fuel cards, and p-cards.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

14. Using the monthly statements or combined statements selected under #13 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 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.

None of the above procedures apply since the Drug Court does not have any credit cards, debit cards, fuel cards, or p- cards.

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

15. 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:

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

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Three items selected appeared to be reimbursed at rates which were established by Supreme Court.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

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

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable – no requirement to bid in accordance with the Louisiana Public Bid Law.

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

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exceptions noted.

- 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

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

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

Obtained related pay rates and personnel files. Agreed pay rates to authorized pay rates in the personnel files.

18. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

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

Not applicable – no employees were eligible for termination payments during the fiscal period.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Management provided us with the required representation.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Exception: One employee did not complete one hour of ethics training during the fiscal period. The employee completed an hour of ethics training on April 2022 and another hour on August 2023.

Management response: We agree one employee did not complete one hour of ethics training during the fiscal year July 1, 2022 – June 30, 2023. The two certificates submitted were for April, 2022 and August 2023. Employee is current on her ethics training for fiscal year 2023-2024.

Going forward, training records will be monitored more closely to ensure each employee has completed training for each fiscal year.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exception noted.

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

No exception noted.

Debt Service

- 23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

No debt was issued during the fiscal period.

- 24. 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).

Not applicable – the Drug Court has no debt.

Fraud Notice

- 25. 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.

Management provided us with the required list and representation that the listing is complete. There were no misappropriations reported.

- 26. Observe 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 exception noted.

Information Technology Disaster Recovery/Business Continuity

- 27. Perform the following procedures, verbally discuss the results with management, and report **“We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe 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.

We performed the procedure and discussed the results with management.

- b) 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.

We performed the procedure and discussed the results with management.

- c) 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.

We performed the procedure and discussed the results with management.

- 28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions noted.

Sexual Harassment

- 29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that 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 noted.

- 30. 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 noted.

- 31. 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:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Exception: *No sexual harassment report was submitted for calendar year 2022.*

Management response: *We agree an annual report was not filed by February 1, 2023. Going forward, this report will be submitted by February 1st, each calendar year. The Policy has been amended for resolution.*

We were engaged by the Twenty-Sixth Judicial District Court – Drug Court Fund 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 Twenty-Sixth Judicial District Court – Drug Court Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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, Louisiana

December 21, 2023