

**The Family Court of
East Baton Rouge Parish
Judicial Expense Fund
Baton Rouge, Louisiana
December 31, 2017**

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Independent Auditor's Report

Honorable Judges of
The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and governmental funds of The Family Court of East Baton Rouge Parish - Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise The Family Court of East Baton Rouge Parish - Judicial Expense Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress, schedule of proportionate share of pension liability, schedule of contributions, and budgetary comparison information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise The Family Court of East Baton Rouge Parish - Judicial Expense Fund's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer 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 or chief executive officer 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. Such information has been subjected to the auditing procedures applied in the audits 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 or chief executive officer 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 our report dated June 18, 2018 on our consideration of The Family Court of East Baton Rouge Parish - Judicial Expense 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 Family Court of East Baton Rouge Parish - Judicial Expense 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 The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control over financial reporting and compliance.

Hawthorn, Weymouth & Carroll, L.L.P.

June 18, 2018

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Management's Discussion and Analysis
December 31, 2017**

The purpose of this section is to offer management's discussion and analysis of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's (Expense Fund) financial performance during the year ended December 31, 2017. It should be read in conjunction with the financial report taken as a whole.

Financial Highlights

- The Expense Fund's liabilities exceed its assets at December 31, 2017 by \$3,189,136 (net position).
- The Expense Fund's net position decreased \$178,285 from the previous year.

Government-Wide Financial Statements

Government-wide financial statements are designed to be similar to private sector business in that all governmental and business-type activities are consolidated into columns which add to a total for the primary government. These statements combine the Governmental Fund's current financial resources with capital assets and long-term obligations. Donated infrastructure is included.

The Statement of Net Position presents information on all of the Expense Fund's assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether or not the financial position of the Expense Fund is improving.

The Statement of Activities presents information on how the Expense Fund's net position has changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods. This is intended to summarize information and simplify the user's analysis of cost of various governmental services and/or subsidy to various business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than generic fund types.

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principles (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements. The Expense Fund has presented the General Fund as a major fund.

Capital Assets

Capital assets include furniture and equipment, and all other tangible assets that are used in operations that have estimated useful lives greater than two years and meet or exceed the government's capitalization threshold (See Footnote #3: Capital Assets).

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Management's Discussion and Analysis
December 31, 2017**

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements.

GOVERNMENTAL ACTIVITIES

The Expense Fund's operations are funded extensively by the City of Baton Rouge and Parish of East Baton Rouge (City-Parish). Operational funding by the City-Parish increased by \$67,010, or 7%, from 2016. The other major source of funding for the Expense Fund is court fees, which increased by \$1,146, or 1%, from 2016.

Statistical court information for the past two years is as follows:

	<u>2017</u>	<u>2016</u>
New cases filed	4,425	4,700
Divorces granted	1,843	3,412
Domestic violence cases	3,311	3,187
State rules	1,124	1,165
Dismissals	84	148
Qualified domestic relation orders	128	150
Stipulated judgments	1,570	1,054
Income assignments	399	410
Community property	189	146
Ex-parte custody	94	147
Rules	4,595	4,428
Contempt state	1,685	1,691
Deferred execution	802	839
Deferred sentencing	277	408
Modifications	832	869
Payment determination	1,939	2,212
Review	1,042	849
UISA	516	545

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Management's Discussion and Analysis
December 31, 2017**

GOVERNMENTAL ACTIVITIES (Continued)

The following table reflects the condensed Statement of Net Position for 2017, with comparative figures from 2016:

	<u>2017</u>	<u>2016</u>
Assets		
Current assets	\$ 254,419	\$ 213,998
Capital assets	<u>95,289</u>	<u>140,651</u>
Total Assets	<u>349,708</u>	<u>354,649</u>
Deferred Outflows of Resources	<u>612,541</u>	<u>823,270</u>
Liabilities		
Current liabilities	23,303	23,249
Long-term liabilities	<u>3,862,637</u>	<u>4,098,305</u>
Total Liabilities	<u>3,885,940</u>	<u>4,121,554</u>
Deferred Inflows of Resources	<u>265,445</u>	<u>67,216</u>
Net Position		
Net investment in capital assets	95,289	140,651
Unrestricted (deficit)	<u>(3,284,425)</u>	<u>(3,151,502)</u>
Total Net Position	<u>\$(3,189,136)</u>	<u>\$(3,010,851)</u>

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Management's Discussion and Analysis
December 31, 2017**

GOVERNMENTAL ACTIVITIES (Continued)

The table below provides a summary of the Statement of Activities for the year ended December 31, 2017, with comparative figures from 2016:

**The Family Court of East Baton Rouge Parish - Judicial Expense Fund
Condensed Statement of Activities
For the Years Ended December 31, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Program Revenues		
Fees and fines	\$ 213,736	\$ 212,590
City-Parish transfer	1,067,323	1,000,313
General Revenues		
Interest and other	-	2
	<u>1,281,059</u>	<u>1,212,905</u>
Program Expenses		
Family Court	<u>(1,459,344)</u>	<u>(1,492,934)</u>
Change in Net Position	<u>(178,285)</u>	<u>(280,029)</u>
Net Position, January 1	<u>(3,010,851)</u>	<u>(2,730,822)</u>
Net Position, December 31	<u>\$(3,189,136)</u>	<u>\$(3,010,851)</u>

Contacting Management

This financial report is designed to provide the citizens and taxpayers with a general overview of the Family Court of East Baton Rouge Parish - Judicial Expense Fund's finances and show the accountability for the money it receives. If you have any further questions about the report, or need additional information, contact the Court Administrative Office at 300 North Boulevard, Baton Rouge, Louisiana, (225) 389-4680.

Basic Financial Statements

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Statement of Net Position
December 31, 2017**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 242,114
Accounts receivable	12,305
Capital assets, net of depreciation	<u>95,289</u>
Total assets	<u>349,708</u>
 Deferred Outflows of Resources	
Deferred outflow amounts related to net pension liability	<u>612,541</u>
 Liabilities	
Accrued liabilities	\$ 13,303
Non-current liabilities	
Due within one year	10,000
Due in more than one year	1,598,827
Net pension liability	<u>2,263,810</u>
Total liabilities	<u>3,885,940</u>
 Deferred Inflows of Resources	
Deferred inflow amounts related to net pension liability	<u>265,445</u>
 Net Position	
Net investment in capital assets	95,289
Unrestricted (deficit)	<u>(3,284,425)</u>
Total net position	<u><u>\$ (3,189,136)</u></u>

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

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Statement of Activities
Year Ended December 31, 2017**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net</u>
	<u>Fees and</u>	<u>Operating</u>	<u>Grants and</u>	<u>Revenue</u>
Functions and Programs	<u>Fines</u>	<u>Contributions</u>	<u>(Expense)</u>	
Governmental activities				
Family Court	<u>\$1,459,344</u>	<u>\$213,736</u>	<u>\$1,067,323</u>	<u>\$ (178,285)</u>
Total governmental activities	<u>\$1,459,344</u>	<u>\$213,736</u>	<u>\$1,067,323</u>	<u>(178,285)</u>
Change in Net Position				(178,285)
Net Position				
Beginning of year				<u>(3,010,851)</u>
End of year				<u>\$ (3,189,136)</u>

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

**The Family Court of East Baton Rouge Parish -
 Judicial Expense Fund
 Balance Sheet
 Governmental Funds
 December 31, 2017**

	General Fund
Assets	
Cash and cash equivalents	\$242,114
Accounts receivable	<u>12,305</u>
Total assets	<u>\$254,419</u>
Liabilities	
Accrued liabilities	<u>13,303</u>
Total liabilities	13,303
Fund Balance	
Unassigned	<u>241,116</u>
Total fund balance	<u>241,116</u>
Total liabilities and fund balance	<u>\$254,419</u>

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

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Reconciliation of Governmental Fund Balance
Sheet to the Statement of Net Position
December 31, 2017**

Total governmental fund balance		\$ 241,116
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		95,289
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the governmental funds.		
Compensated absences payable	(116,986)	
Other post-employment benefits	<u>(1,491,841)</u>	(1,608,827)
Pension liability, deferred inflows and deferred outflows of resources		
Net pension liability	(2,263,810)	
Net deferred amounts related to pension liability	<u>347,096</u>	<u>(1,916,714)</u>
Net position of governmental activities		<u><u>\$ (3,189,136)</u></u>

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

**The Family Court of East Baton Rouge Parish
 Judicial Expense Fund
 Statement of Revenues, Expenditures and Change in Fund Balances
 of Governmental Funds
 Year Ended December 31, 2017**

	General Fund
Revenues	
Fees and fines	\$ 213,736
Intergovernmental	<u>1,067,323</u>
Total revenues	<u>1,281,059</u>
 Expenditures	
Current Operations	
Family Court	1,237,797
Capital expenditures	<u>2,895</u>
Total expenditures	<u>1,240,692</u>
 Net Change in Fund Balance	 40,367
 Fund Balance, beginning of year	 <u>200,749</u>
 Fund Balance, end of year	 <u>\$ 241,116</u>

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

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Reconciliation of the Statement of Revenues, Expenditures and Change in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2017**

Net Change in Fund Balance - Total Governmental Funds \$ 40,367

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

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the costs of those assets is allocated
over their estimated useful lives as depreciation expense.

Capital outlay	\$ 2,895	
Depreciation expense	<u>(48,257)</u>	(45,362)

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.

Decrease in compensated absences payable	20,491	
Increase in other post-employment benefits liability	(111,259)	
Change in net pension liability and deferred inflows/outflows of resources	<u>(82,522)</u>	<u>(173,290)</u>

Change in net position of governmental activities \$ (178,285)

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

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 1-Summary of Significant Accounting Policies

The accompanying financial statements of The Family Court of East Baton Rouge Parish - Judicial Expense Fund "Judicial Expense Fund" 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. GAAP includes all relevant GASB pronouncements as set forth in the *Codification for Governmental Accounting and Financial Reporting*.

The Judicial Expense Fund was established in 1980 under Act No. 505 and Act No. 809 of 1995 for the purpose of paying expenses for the Family Court deemed necessary by the Judges for efficient operations of the court. The Judicial Expense Fund receives court fees collected on its behalf by the Clerk of Court of the Nineteenth Judicial District.

As the governing authority of consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the unit's board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides the court office space, court-rooms, personnel services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity.

The accompanying financial statements present information only on the Judicial Expense Fund maintained by The Family Court of East Baton Rouge Parish and do not present any other information on the District Court, the City-Parish, the general government services provided by the governmental unit, or other government units that comprise the financial reporting entity.

A. Basis of Presentation

The Judicial Expense Fund's basic financial statements consist of the government-wide statements and the general fund statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

B. Basic Financial Statements

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The government-wide presentation focuses primarily on the sustainability of the Judicial Expense Fund and the change in aggregate financial position resulting from the activities of the fiscal period.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

B. Basic Financial Statements (Continued)

Fund Financial Statements - The financial transactions of the Judicial Expense Fund are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures.

Only the governmental fund type is used by the Judicial Expense Fund. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The fund used by the Judicial Expense Fund is described as follows:

General Fund - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund.

C. 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.

Measurement Focus - The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, change in net position, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the statement of net position. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of Accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined and available means collectible within the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents includes all demand deposits, savings accounts and certificates of deposit that do not contain a material early withdrawal penalty.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

E. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Receivables are included in the fund financial statements if they are both measurable and available. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

F. Capital Assets

Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$500 or more are capitalized and reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office furniture and equipment	5 - 7 years
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In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition.

G. Revenues

Substantially all government fund revenues are accrued. Those revenues include filing and license fees, fines, and court costs collected by other agencies and remitted to the Judicial Expense Fund in the following month, as well as amounts due under grant contracts, interest, and transcript charges to attorneys. As a grant recipient, grant receivables and revenue are recognized when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue.

H. Compensated Absences

The annual and sick leave plan adopted by the Judicial Expense Fund provides a maximum of 48 days per year per eligible employee. Upon termination, employees are paid for their unused vacation leave. Sick leave is allowed to accrue and accumulate. However, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payment is made for the unused accumulation.

Employees of the Judicial Expense Fund may accrue up to 30 days of compensatory time in lieu of overtime payment. Compensatory leave is paid by the Judicial Expense Fund upon termination, resignation, retirement or death up to the maximum accrual amounts. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

H. Compensated Absences (Continued)

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments upon termination or retirement. The Judicial Expense Fund records a liability for accrued vacation and compensatory time for each employee up to 120 days at the employees' current rates of pay.

GASB Statement No. 16 requires the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination. Since the amount of accumulated sick leave lapses upon termination, no amount has been accrued.

The accrued compensated absences shown in the accompanying financial statements represent the liability for all employees of the Judicial Expense Fund, except the judges and the commissioners.

The liability (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

I. Fund Balance

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* - amounts that are not in a spendable form or are required to be maintained intact;
- *Restricted fund balance* - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- *Committed fund balance* - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- *Assigned fund balance* - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and
- *Unassigned fund balance* - amounts that are available for any purpose. The general fund is the only fund that reports positive amounts.

At December 31, 2017, the Judicial Expense Fund only had unassigned fund balance.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

J. Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets, if applicable.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on the use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is the Judicial Expense Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

K. Deferred Outflows/Inflows of Resources

The statement of net position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Judicial Expense Fund's deferred inflows or deferred outflows are resources related to the pension.

L. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates 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 and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2-Cash and Cash Equivalents

Cash and cash equivalents includes amounts in demand and time deposits. The Judicial Expense Fund may deposit funds in demand deposit, interest-bearing demand deposit, money-market, or time deposit accounts in accordance with Louisiana Revised Statutes 39:1241-1245.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 2-Cash and Cash Equivalents (Continued)

As of December 31, 2017, the Judicial Expense Fund's bank balances were fully insured by Federal deposit insurance and not exposed to custodial credit risks.

Note 3-Capital Assets

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

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, December 31</u>
Office furniture and equipment, at historical cost	\$ 282,908	\$ 2,895	\$ -	\$ 285,803
Less: accumulated depreciation	<u>(142,257)</u>	<u>(48,257)</u>	<u>-</u>	<u>(190,514)</u>
Capital assets, net	<u>\$ 140,651</u>	<u>\$ (45,362)</u>	<u>\$ -</u>	<u>\$ 95,289</u>

Depreciation expense charged to governmental activities was \$48,257 for the year ended December 31, 2017.

Note 4-Salary Expenditures

The Judicial Expense Fund administers and disburses payroll for all District Court employees, excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries which are appropriated in the City-Parish budget.

Also, the Clerk of Court reimburses the Fund for a portion of an employee's salary who works for both the Judicial Expense Fund and the East Baton Rouge Parish Clerk of Court.

Note 5-Defined Benefit Pension Plan

Plan Description

The Judicial Expense Fund contributes to the Employees' Retirement System of the City of Baton Rouge, Parish of East Baton Rouge (CPERS). The plan is a cost-sharing, multiple-employer defined benefit pension plan. The plan is administered by a board of trustees. The plan provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to the plan members and their beneficiaries.

The Retirement System is considered a component unit of the financial reporting entity of the City of Baton Rouge and Parish of East Baton Rouge (City-Parish) and is included as a pension trust fund in the City-Parish's Comprehensive Annual Financial Report and Annual Operating Budget. The accompanying financial statements reflect the activity of the Retirement System's Multiple Employer Cost Sharing Plan Trust (CPERS Trust) only.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

The Retirement System was created by The Plan of Government and is governed by a seven-member Board of Trustees (the Board). The Board is responsible for administering the assets of the Retirement System and for making policy decisions regarding investments. Four of the trustees are elected members of the Retirement System. Two are elected by non-police and non-fire department employees, and one trustee each is elected by the police and fire department employees. The remaining membership of the Board consists of one member appointed by the Mayor-President, and two members appointed by the Metropolitan Council. The Metropolitan Council maintains the authority to establish and amend plan benefits.

The Retirement System issues publicly available financial reports that include financial statements and required supplementary information for the plan. The financial reports may be obtained from the:

Retirement Administrator
Employees' Retirement System
City of Baton Rouge, Parish of East Baton Rouge
Post Office Box 1471
Baton Rouge, Louisiana 70821-1471

Retirement Benefits

The following is a description of the plan and its benefits, and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes a regular full-time employee of one of the member employers becomes a member of the CPERS Trust as a condition of employment except in the case of newly hired employees of certain participating employers who are mandated to enroll in a statewide CPERS Trust, or those covered under a collective bargaining agreement. Contractual employees may or may not become members, depending upon the provisions of their respective contracts.

Substantially all full-time non-police employees of the City-Parish and other member employers are covered by the CPERS Trust. CPERS Trust actuarially determines the contributions required to fund the plan and collects the contributions as a percentage of payroll each payroll period. The CPERS Trust exists for the sole benefit of current and former employees of the member employers.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement Benefits (Continued)

A. Normal Retirement

An employee's benefit rights vest after the employee has been a member of the CPERS Trust for 10 years. Benefit payments are classified into two distinct categories: 1) full retirement benefits, and 2) minimum eligibility benefits. As a cost saving measure, certain benefits were changed affecting members whose most recent hire date was September 1, 2015 or later. The service requirements and benefits granted for each category and by hire date, for non-public safety members (NPS) and public safety members (PS) are:

	Members hired before <u>September 1, 2015</u>	Members hired on or after <u>September 1, 2015</u>
Full retirement benefits	25 years' service, any age	25 years' service, age 55 NPS or age 50 PS
Formula	3% of avg. comp. times number of years of service	3% of avg. comp. times number of years of service
Minimum eligibility benefits	20 years' service, any age, or 10 years at age 55	20 years' service, any age, or 10 years at age 60 NPS, or age 55 PS
Formula	2.5% of avg. comp. times number of years of service	2.5% of avg. comp. times number of years of service
Average compensation	Highest successive 36 months	Highest successive 36 months
Early retirement	20 years' service, 3% penalty for each year below age 55	20 years' service, actuarially reduced benefit below age 55 NPS, or age 50 PS
Disability retirement:		
Service connected	50% of avg. comp. plus 1.5% for each service year above 10 years	50% of avg. comp. plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement Benefits (Continued)

A. Normal Retirement (Continued)

	<u>Members hired before September 1, 2015</u>	<u>Members hired on or after September 1, 2015</u>
Continued		
Survivor benefits		
Service allowance	Automatic 50% J&S benefit, or member can purchase additional survivor benefits by actuarial benefit reduction	All survivor benefits must be purchased by actuarial benefit reduction
Service-connected disability	Automatic 50% J&S benefit	All survivor benefits must be purchased by actuarial benefit reduction
Ordinary disability	No survivor benefits provided	No survivor benefits provided
Member with 20 or more years of service	100% J&S benefit, based on member's benefit	100% J&S benefit, based on member's benefit
Member with less than 20 years of service, not retirement eligible	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)	\$600/month benefit until earlier of death or remarriage, plus \$150/month per child under age 18 (limit \$300/month)
Service-connected	50% of avg. comp plus 1.5% for each service year above 10 years	50% of avg. comp plus 1.5% for each service year above 10 years
Ordinary	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater	10 years' service, 50% of avg. comp, or 2.5% times number of years of service, whichever is greater

B. Deferred Retirement Option Plan (DROP)

Deferred retirees (participants in DROP) are members who are eligible for retirement, but have chosen to continue employment for a maximum of five years. Pension annuities are fixed for these employees and can never be increased, and neither employee nor employer contributions are contributed to the CPERS Trust on their earnings. DROP deposits for the amount of the participant's monthly benefits are placed in a deferred reserve account until the deferred retirement option period elapses, or until the employee discontinues employment, whichever comes first. These accounts bear interest beginning with the date of the initial deposit for employees who fulfill the provisions of their DROP contract. Failure to fulfill these provisions, specifically to terminate employment at the end of the maximum DROP participation period, results in the enforcement of certain penalty provisions, such as forfeiture of interest and disbursement of the balance of the DROP account to the member or to another qualifying pension plan.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Retirement Benefits (Continued)

C. Permanent Benefit Increases/Cost-of-Living Adjustments

The System has no true cost of living benefit, but did implement the Supplemental Benefit Payment (SBP) in 2006, which is a non-recurring non-guaranteed lump sum payment to qualifying retirees, and which must be declared for payment by the Board each year. Funding comes from mortality savings from a prior benefit adjustment, and from excess investment revenues. In aggregate, the amounts distributed to retirees cannot exceed the funds declared available for distribution. On an individual basis, a formula is used to determine payment amounts based on the retiree's number of years retired, years of service, and participation in the DROP.

Funding Policy

Contribution rates for each participating employer and its covered employees are established and may be amended by the Retirement System's Board of Trustees, with approval by the Metropolitan Council of the City Parish. The contribution rates are determined based on the benefit structure established by the Plan provisions. For 2017, Plan members contributed 9.5% of their annual covered salary, which was the maximum rate under Part IV, Subpart 2, Sec. 1:264(A)1(b) of the City-Parish Code of Ordinances. Participating employers are required to contribute the remaining amounts necessary to finance the coverage of their employees through periodic contributions at rates annually determined by the Plan's actuary. For 2017, for the CPERS Trust, the City General Fund employer rate was 28.20%. Administrative costs of the Retirement System are provided through investment earnings. The Judicial Expense Fund's contributions to the plan for the past three years were as follows:

<u>Year</u>	<u>Contribution Rates</u>		<u>Amount</u>
	<u>Employee</u>	<u>Employer</u>	<u>Contributed</u>
2017	9.50%	28.20%	\$156,377
2016	9.50%	26.60%	135,584
2015	9.50%	25.81%	153,380

At December 31, 2017, the employer reported a liability of \$2,263,810 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The allocation method used in determining the Judicial Expense Fund's proportion was based on their contribution effort to the plan for 2016 as compared to the total of all employers' projected contribution effort to the plan for 2016. The projected contribution effort was actuarially determined by the CPERS Trust's actuary. At December 31, 2016, the Judicial Expense Fund's proportion was .38%, which was a decrease of .07% from its proportion measured as of December 31, 2015. For the year ended December 31, 2017, the Judicial Expense Fund recognized pension expense of \$82,522.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Funding Policy (Continued)

At December 31, 2017, the Judicial Expense Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,515	\$ -
Net difference between projected and actual earnings on pension plan investments	219,198	-
Changes in proportion	89,897	265,445
Changes in assumptions	90,554	-
Judicial Expense Fund contributions subsequent to measurement date	<u>156,377</u>	<u>-</u>
	<u>\$ 612,541</u>	<u>\$ 265,445</u>

The Judicial Expense Fund reported a total of \$156,377 as deferred outflows of resources related to pensions resulting from the Judicial Expense Fund's contributions subsequent to the measurement date. This amount will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>CPERS</u>
2018	\$ 81,052
2019	114,013
2020	516
2021	(4,862)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2016 is as follows for the CPERS Trust:

Valuation Date	December 31, 2016 on a valuation date of January 1, 2016
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.25% per year, compounded annually, net of investment expenses
Inflation Rate	2.75%
Discount Rate	7.25%

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Funding Policy (Continued)

Mortality Healthy: RP-2000 Healthy Combined Blue Collar Projected with Scale BB to 2019

Disabled: RP-2000 Disabled Mortality Projected with Scale BB to 2019

Salary Increases	<u>Age</u>	<u>Percent of Increase</u>
	30	2.50%
	35	1.50%
	40	1.25%
	45	0.75%
	50	0.50%
	55	0.00%

Cost of Living Adjustment None

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are as follows:

<u>Asset Class</u>	<u>Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	15.0%	2.00%
Core Plus Fixed Income	15.0%	2.80%
Large Cap Domestic Equity	19.5%	5.50%
Non-Large Cap Domestic Equity	3.0%	5.80%
International Large Cap Equity	15.0%	6.00%
International Small Cap Equity	2.5%	6.00%
Emerging Market Equity	5.0%	8.00%
Core Real Estate	5.0%	4.80%
Master Limited Partnerships	5.0%	9.80%
Private Equity	5.0%	8.80%
Risk Parity	5.0%	6.30%
Hedge Funds	<u>5.0%</u>	3.80%
Total	<u>100.0%</u>	7.89%

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 5-Defined Benefit Pension Plan (Continued)

Sensitivity of Employer's Proportionate Share of Net Pension Liability to Changes in Discount Rate

The following presents the Judicial Expense Fund's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	Changes in Discount Rate		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Judicial Expense Fund's proportionate share of net pension liability	<u>\$2,844,247</u>	<u>\$2,263,810</u>	<u>\$1,776,644</u>

Note 6-Other Post-Employment Benefits

Judicial Expense Fund employees may, at their discretion, participate in the employees' group life, health, and dental insurance programs sponsored by the government and administered by the City-Parish Human Resources Department along with outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year in the Metropolitan Council approved budget.

Plan Description

The Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members.

Retirees may continue personal health and dental insurance coverage in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a fully vested employee may continue his or her coverage paying the same premiums and receiving the same benefits as active employees.

The government pays the following percentages of scheduled premiums:

<u>Years of Service</u>	<u>Vested Percentage</u>
Fewer than 10	25%
10 - 15 years	50%
15 - 20 years	75%
Over 20 years	100%

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 6-Other Post-Employment Benefits (Continued)

Funding Policy

The contribution requirements of the employees/retirees and the participating City-Parish employers are established in the annual operating budget and may be amended in subsequent years. During 2017, the health/dental plan was funded with employees and retirees contributing 25% - 39% of the health and dental premiums and the City-Parish contributing 61% - 75% of the health and dental premiums, dependent upon the number of family members covered. One hundred percent of required premiums on the \$5,000 retiree life insurance policy are funded by the employer. The employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

The employer contribution to the OPEB plan for 2017 totaled \$76,205, or approximately 13.74% of gross payroll, as approved by the Metropolitan Council in the 2017 operating budget.

Annual OPEB Cost and Net OPEB Obligation

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period.

The following table shows the Judicial Expense Fund's OPEB cost for the year and the amount actually contributed to the plan during the year.

Annual required contribution	\$ 187,039
Interest on net OPEB obligation	65,621
Adjustment to ARC	<u>(65,196)</u>
Annual OPEB cost (expense)	187,464
Less: Contributions made	<u>(76,205)</u>
Increase in the OPEB obligation	111,259
Net OPEB obligation	
Beginning of year	<u>1,380,582</u>
End of year	<u>\$1,491,841</u>

Trend information for OPEB plan:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2017	\$111,259	20%	\$1,491,841
December 31, 2016	241,734	33%	1,380,582
December 31, 2015	233,232	33%	1,219,208

As of January 1, 2017, the most recent actuarial valuation date, the plan was zero percent funded. No separate calculation was made for the Judicial Expense Fund's portion of the actuarial accrued liability for benefits. For additional information related to the actuarial accrued liability for the benefits, see the City-Parish audit report. This report may be obtained from the City-Parish, 222 St. Louis Street, Room 431, Baton Rouge, Louisiana.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017

Note 6-Other Post-Employment Benefits (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unit credit actuarial cost method was used for the January 1, 2017 actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical and expected investments that are expected to be used in financing the payment of benefits.

The actuarial assumptions included a 4% discount rate of return compounded annually. The inflation is assumed to be 2.50%, compounded annually. Pre-retirement and post-retirement life expectancy were based on the RP-2014 Healthy Annuitant Table for Males with Mortality Improvement Scale MP-2017. Probabilities of disability, retirement rates, and withdrawal rates are based on the City-Parish's historical data using probabilities from the City-Parish's retirement system.

Both historical retiree claim costs and year 2017 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. The healthcare inflation rate for 2017 is assumed to be 7.00% for Pre-65 trend, 7.00% for Post-65 trend, and 3.92% for Dental trend. The actuarial valuation also assumes that (1) female spouses are three years younger than males; (2) 55% of active participants married at retirement will elect spouse's coverage; (3) no employees will have dependent children at retirement; (4) all employees will elect Medicare coverage when they are first eligible; (5) 75% - 85% of members are assumed to elect retiree medical coverage upon retirement; and (6) 10% of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age 65. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age 65.

The amortization method for the plan is a level percentage of payrolls with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 3% compounded annually. The remaining amortization period at January 1, 2017 was thirty years.

Note 7-Non-current Liabilities

The following is a summary of changes in non-current liabilities for the year ended December 31, 2017:

	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences payable	\$ 137,477	\$ 36,177	\$ (56,668)	\$ 116,986	\$ 10,000
Net other post-employment benefit obligation	<u>1,380,582</u>	<u>187,464</u>	<u>(76,205)</u>	<u>1,491,841</u>	<u>—</u>
Total non-current liabilities	<u>\$ 1,518,059</u>	<u>\$ 223,641</u>	<u>\$ (132,873)</u>	<u>\$ 1,608,827</u>	<u>\$ 10,000</u>

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Financial Statements
December 31, 2017**

Note 8-Concentrations of Credit Risk

Intergovernmental revenues represent amounts received from East Baton Rouge Parish governmental agencies. Receipt of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish.

Note 9-Subsequent Events

The Judicial Expense Fund evaluated all subsequent events through June 18, 2018, the date the financial statements were available to be issued. As a result, the Judicial Expense Fund noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Required Supplementary Information

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Schedule of Funding Progress -
Other Post-Employment Benefits Plan (Unaudited)
Year Ended December 31, 2017**

<u>Year Ended*</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/17	01/01/17	0.00	\$2,908,807	\$2,908,807	0.00%	\$554,528	524.6%
12/31/16	01/01/15	0.00	3,359,637	3,359,637	0.00%	509,715	659.1%
12/31/15	01/01/15	0.00	3,359,637	3,359,637	0.00%	594,266	565.3%
12/31/14	01/01/13	0.00	2,845,531	2,845,531	0.00%	575,550	494.4%
12/31/13	01/01/13	0.00	2,845,531	2,845,531	0.00%	563,410	505.1%
12/31/12	01/01/11	0.00	2,830,516	2,830,516	0.00%	499,356	566.8%
12/31/11	01/01/11	0.00	2,830,516	2,830,516	0.00%	475,580	595.2%
12/31/10	01/01/09	0.00	2,346,567	2,346,567	0.00%	463,562	506.2%
12/31/09	01/01/09	0.00	2,346,567	2,346,567	0.00%	437,546	536.3%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Schedule of Judicial Expense Fund's Proportionate Share of the Net Pension Liability
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System
Last Ten Fiscal Years*
Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Judicial Expense Fund's			
Proportion of net pension liability	0.38%	0.45%	0.41%
Proportionate share of net pension liability	\$2,263,810	\$2,590,246	\$1,785,254
Covered-employee payroll	\$ 554,528	\$ 509,715	\$ 594,266
Proportionate share of net pension liability as a percentage of its covered-employee payroll	408.24%	508.18%	300.41%
Plan fiduciary net position as percentage of the total pension	64.09%	63.95%	70.90%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Schedule of Judicial Expense Fund's Contributions
City of Baton Rouge and Parish of East Baton Rouge Employees' Retirement System
Last Ten Fiscal Years*
Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 156,377	\$ 135,584	\$ 153,880
Contributions in relation to the contractually required contribution	\$ 156,377	\$ 135,584	\$ 153,880
Contribution deficiency (excess)	-	-	-
Employer's covered-employee payroll	\$ 554,528	\$ 509,715	\$ 594,266
Contributions as a percentage of covered-employee payroll	28.20%	26.60%	25.81%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Budgetary Comparison Schedule - General Fund
Year Ended December 31, 2017**

	<u>Budgetary Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Final Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Fees and fines	\$ -	\$ -	\$ 213,736	\$ 213,736
Transfers from primary government	<u>1,086,729</u>	<u>1,086,729</u>	<u>1,067,323</u>	<u>(19,406)</u>
Total revenue	<u>1,086,729</u>	<u>1,086,729</u>	<u>1,281,059</u>	<u>194,330</u>
Expenditures				
Salaries	598,440	598,440	611,270	(12,830)
Employee benefits	360,440	360,440	337,444	22,996
Supplies and other expenses	36,299	36,299	189,273	(152,974)
Contractual services	91,550	91,550	99,810	(8,260)
Capital outlay	<u>-</u>	<u>-</u>	<u>2,895</u>	<u>(2,895)</u>
Total expenditures	<u>1,086,729</u>	<u>1,086,729</u>	<u>1,240,692</u>	<u>(153,963)</u>
Excess of Revenue Over Expenditures				
	-	-	40,367	40,367
Fund Balance				
Beginning of year	<u>200,749</u>	<u>200,749</u>	<u>200,749</u>	<u>-</u>
End of year	<u>\$ 200,749</u>	<u>\$ 200,749</u>	<u>\$ 241,116</u>	<u>\$ 40,367</u>

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Notes to Required Supplementary Information
December 31, 2017**

Note 1-Budgetary Accounting and Control

A. Budget Law

The Judicial Expense Fund annual operating budget is prepared by the City of Baton Rouge, Parish of East Baton Rouge, according to the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the General Fund:

1. An operating budget is prepared for the general fund at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year;
2. The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year;
3. The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year;
4. The general fund budget is prepared on a detailed line item basis with revenues budgeted by source. Expenditures are budgeted by category (personnel services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change; and
5. Appropriations lapse at the end of each fiscal year.

B. Budgetary Accounting

The general fund budget is prepared using the modified accrual basis of accounting.

Supplementary Information

**The Family Court of East Baton Rouge Parish
Judicial Expense Fund
Schedule of Compensation, Benefits and Other
Payments to Agency Head or Chief Executive Officer
Year Ended December 31, 2017**

Agency Head Name: Ronald Bullion, Court Administrator

Purpose	Amount
Salary	\$77,193
Benefits - insurance	3,117
Benefits - retirement	21,614
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	815
Travel	0
Registration fees	0
Conference travel	4,471
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
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Brittany B. Thames, CPA

**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***

Honorable Judges of
The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Baton Rouge, Louisiana

We have audited, 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, the financial statements of the governmental activities and governmental funds of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise The Family Court of East Baton Rouge Parish - Judicial Expense Fund's basic financial statements, and have issued our report thereon dated June 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Family Court of East Baton Rouge Parish - Judicial Expense 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Family Court of East Baton Rouge Parish - Judicial Expense Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of The Family Court of East Baton Rouge Parish - Judicial Expense 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Family Court of East Baton Rouge Parish - Judicial Expense Fund's financial statements are free of 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 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.

Hawthorn, Waymouth & Carroll, LLP.

June 18, 2018

**The Family Court of East Baton Rouge Parish -
Judicial Expense Fund
Schedule of Current Year Audit Findings
Year Ended December 31, 2017**

Part I. Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of The Family Court of East Baton Rouge Parish - Judicial Expense Fund as of and for the year ended December 31, 2017, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

Part II. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

No findings were noted.

The Family Court of East Baton Rouge Parish -
Judicial Expense Audit Fund
Schedule of Prior Year Findings
Year Ended December 31, 2017

Part I. Findings Related to an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

No findings were noted.

Part II. Management Letter

Not Applicable

**The Family Court of
East Baton Rouge Parish
Judicial Expense Fund
Agreed-Upon Procedures Report
December 31, 2017**



**Independent Accountant's Report
on Applying Agreed-upon Procedures**

To the Honorable Judges and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by The Family Court of East Baton Rouge Parish Judicial Expense Fund and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Entity's management is responsible for those control and compliance 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 performed and the associated findings are listed below. The procedure is stated first, followed by the result of the procedure presented in italics.

Written Policies and Procedures

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

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

The entity does not have any written policies and procedures related to budgeting, purchasing, disbursements, receipts, payroll, contracting, travel and expense reimbursement, or ethics. The entity has no credit cards or debt service and therefore, does not have written credit card or debt service policies and procedures.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

No exceptions noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

None of the board minutes referenced or included monthly budget-to-actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

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

No exceptions noted.

4. Using the listing provided by management, select a minimum of five of the entity's bank accounts or one-third of the bank accounts on a three year rotating basis if more than 15 accounts. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation;

For all of the bank accounts selected, there was no evidence of a review by a member of management or board member having no involvement in the transactions associated with the bank account.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions noted.

Collections

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

No exceptions noted.

6. Using the listing provided by management, select a minimum of five of the entity's cash collection locations or one-third of the collection locations on a three year rotating basis if more than 15 locations. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

a) (1) – Individuals responsible for collecting cash are not bonded.

a) (2) – Person responsible for collecting cash is responsible for depositing cash in the bank and recording the related transaction.

a) (3) – No exceptions noted.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

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

The Entity does not use a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

The Entity does not use a requisition/purchase order system.

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

No exceptions noted.

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

The person responsible for processing payments also has the ability to add vendors to the purchasing system.

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

No exceptions noted.

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

No exceptions noted.

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

Not applicable.

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

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

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this compliance area is not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

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

Not applicable.

Travel and Expense Reimbursement

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

No exceptions noted.

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

The Entity does not have a policy related to travel and expense reimbursements.

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

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

For the three travel reimbursements selected, one of reimbursements was \$96 more than the GSA lodging rate, the other reimbursement was \$234 more than the GSA lodging rate, and the final reimbursement was \$28 more than the GSA lodging rate. For two of the travel reimbursements selected, the per diem rate for meals was \$54 above the GSA per diem meal rate per day. The other reimbursement selected was \$49 above the GSA per diem meal rate per day.

- b) Report whether each expense is supported by:

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

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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

No exceptions noted.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

For the two service arrangements tested, the Entity did not solicit quotes for services related to copier equipment leasing.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law.

No exceptions noted.

Payroll and Personnel

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

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

No exceptions noted.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Ethics

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

The Entity was not able to provide documentation to demonstrate that required ethics training was completed for any of the employees tested.

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

Management asserted that no alleged ethics violations were reported to the Entity during the fiscal period.

Debt Service

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

No debt was issued during the fiscal period; therefore, this procedure was not performed.

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

No debt was issued during the fiscal period; therefore, this procedure was not performed.

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

Not applicable.

Other

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

Management asserted that the Entity is not aware of any misappropriations of public funds or assets.

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

The notice was posted on the Entity's premises but not on the Entity's website.

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

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 control and compliance 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 control and compliance 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.

Hawthorn, Waymouth & Carroll, L.L.P.

June 25, 2018