

**SEVENTEENTH JUDICIAL
DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2018**

**SEVENTEENTH JUDICIAL DISTRICT COURT
ANNUAL FINANCIAL REPORT**

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SEVENTEENTH JUDICIAL DISTRICT COURT
Lafourche Parish
Thibodaux, Louisiana

As of and for the Year Ended December 31, 2018

JUDGES

<i>Division A</i>	<i>Honorable John E. Leblanc</i>
<i>Division B</i>	<i>Honorable Steven M. Miller</i>
<i>Division C</i>	<i>Honorable Walter I. Lanier III</i>
<i>Division D</i>	<i>Honorable Christopher Boudreaux</i>
<i>Division E</i>	<i>Honorable F. Hugh Larose</i>

SEVENTEENTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

This discussion and analysis of the Seventeenth Judicial District Court's (the Court) financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-Wide Financial Statements) provide information about the governmental activities as a whole and present a longer-term view of the finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds (Fund Financial Statements) tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplementary Information and Other Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information as a whole and about activities in a way that helps answer the question of "how well is the Court" operating? These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net position—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. The governmental activity is general government which is comprised of various programs that include operations of the District Court, Drug Treatment Court and Families in Need of Services – Juvenile Court.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not as a whole. Some funds are required to be established by State laws. The Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

The Court maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Drug Treatment Court Fund and Families in Need of Services – Juvenile Court Program Fund (FINS). The Court adopts an annual appropriated budget for all three funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations liabilities exceeded assets by \$2,261,357 (net position).
- Total net position is comprised of the following:
 - (1) Net Investment in capital assets of \$131,544 including the cost of office equipment and furniture, net of accumulated depreciation.
 - (2) Restricted net position for the Drug Treatment Court and FINS grant programs of \$226,211.
 - (3) Unrestricted net position of \$(2,619,112). The negative unrestricted net position is due to Net Pension Liability (\$3,352,813) and the related Deferred Outflows and Inflows of resources related to the Pension Liability of \$256,809 and \$(37,598) respectively.
- Total spending for all judicial activities was \$2,943,837 for the year, which was \$367,160 less than the program revenues (\$3,310,997) for these activities.

SEVENTEENTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

- The governmental funds reported total ending fund balance of \$810,689, of which \$87,407 was assigned for Families in Need of Services – Juvenile Court, \$138,804 was committed for Drug Court, and the remaining \$584,478 is unassigned. This compares to the prior year ending fund balance – of \$361,744, showing an increase of \$448,945 during the current year which was due to operations.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities reports governmental activities. All judicial services are reported as this type. Operating grants and contributions and criminal and civil fees charged finance most of these activities.

The following table is a condensed Statement of Net Position of the governmental-type activities:

Condensed Statement of Net Position	2018	2017	\$ Change
Current and Other Assets	\$ 839,525	\$ 445,244	\$ 394,281
Capital Assets	131,544	153,632	(22,088)
Total Assets	971,069	598,876	372,193
Deferred Outflows of Resources	256,809	292,112	(35,303)
Current Liabilities	28,836	83,500	(54,664)
Long term liabilities	3,422,801	3,376,026	46,775
Total Liabilities	3,451,637	3,459,526	(54,664)
Deferred Inflows of Resources	37,598	60,226	(22,628)
Net Investment in Capital Assets	131,544	153,632	(22,088)
Restricted	226,211	229,452	(3,241)
Unrestricted	(2,619,112)	(3,011,848)	392,736
Total Net Position	\$(2,261,357)	\$(2,628,764)	\$ 367,407

The Current Net Position increased by \$367,407 as a result of this year's operations, which indicates that the overall financial position improved during the year.

Unrestricted net position—the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—increased this year by \$392,736 or approximately 13%.

SEVENTEENTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Condensed Statement of Activities	2018	2017	\$ Change
Charges for Services	\$ 259,837	\$ 265,219	\$ (5,382)
Operating Grants and Contributions	3,051,160	2,797,122	254,038
Program Expenses:			
Current	<u>2,943,837</u>	<u>3,459,762</u>	<u>(515,925)</u>
Total program expenses	<u>2,943,837</u>	<u>3,459,762</u>	<u>(515,925)</u>
Net program income	367,160	(397,421)	(764,581)
General revenues	<u>247</u>	<u>615</u>	<u>(368)</u>
Change in Net Position	367,407	(396,806)	764,213
Net Position:			
Beginning of the year	<u>(2,628,764)</u>	<u>(2,231,958)</u>	<u>(396,806)</u>
End of the year	<u><u>\$ (2,261,357)</u></u>	<u><u>\$ (2,628,764)</u></u>	<u><u>\$ 367,407</u></u>

Total revenues for the year in governmental activities were \$3,311,244 (\$3,310,997 in program revenues and \$247 in general revenues). The total cost of all judicial programs and services was \$2,943,837, a slight decrease of over \$515,925 due to the increase in expenses recognized for the pension liability and deferred inflows and outflows related to that liability.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Court uses funds to help it control and manage money for particular purposes. Looking at individual funds helps you consider whether the Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

The governmental funds reported an ending combined fund balance of \$810,689. This reflects an increase of \$448,945 from last year. This increase is primarily the result of the events and programs described within the analysis of the governmental activities.

Following is some of the changes in major funds:

Most of the General Fund's revenue (\$1,801,707 or 72%) is on-behalf payments for salaries and benefits from the State of Louisiana and the Parish of Lafourche. Another significant source of revenues (\$550,000 or 22%) was from the Lafourche Parish Criminal Court fund from a motion and order to disburse funds. The major expenditures in the general fund were for salaries and benefits (\$1,878,360), including the on-behalf payments, supplies and materials (\$22,602), other services and charges (\$133,865), equipment repair and maintenance (\$23,523) and capital outlay (\$1,863). The beginning fund balance of \$132,292 increased by \$452,186 to end the year with fund balance of \$584,478.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Another major fund was the Drug Treatment Court Fund. The majority of the revenue (\$514,108) was from the State of Louisiana in the form of a grant and in-kind matches (\$104,191) that coincide with the grant. The Drug Court also collects fees from clients as deemed by the courts (\$99,392). The major expenditures of \$493,962 for salaries, \$100,549 in supplies and materials, and \$144,346 for other services and charges for the drug court program. The beginning fund balance of \$159,970 at the beginning of the year decreased by \$21,166 to end the year with a fund balance of \$138,804.

Another major fund was the Families in Need of Service – Juvenile (FINS) Program. Half of the revenues (\$35,904) was from the State of Louisiana in the form of a grant and the other half (\$45,250) is in the form of intergovernmental revenues from various local entities such as the Lafourche Parish School Board, the City Court of Thibodaux and the Criminal Court Fund of Lafourche Parish Government. The major expenditures of \$45,682 for salaries and \$7,396 for rent & utilities and other services were all in connection with the FINS program. The beginning fund balance of \$69,482 increased by \$17,925 to end the year with a fund balance of \$87,407.

CAPITAL ASSETS

The summary of capital assets as of December 31, 2018 and 2016 is as follows:

	2017	2018
Buildings and renovations	\$ 171,861	\$ 171,861
Intangibles	94,357	94,357
Equipment	572,331	574,195
Total Cost	838,549	840,413
Accumulated Depreciation	684,918	708,869
Net Capital Assets	<u>\$ 153,631</u>	<u>\$ 131,544</u>
Depreciation Expense	<u>\$ 49,633</u>	<u>\$ 23,951</u>

This year there was \$1,863 of additions and no disposals, and along with depreciation expense of \$23,951 reflecting the net decrease in capital assets of \$22,087. More detailed information about the capital assets is presented in Note 4 to the financial statements.

LONG TERM LIABILITIES

Long term liabilities consist of accumulated unpaid vacation and net pension liability. The following is a summary of the changes in long-term liabilities for the year ended December 31, 2018:

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MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

	Compensated Absences	Net Pension Liability
Beginning of the year	\$93,749	\$3,282,277
Net increase (decrease)	(23,761)	70,536
End of Year	\$69,988	\$3,352,813

More detailed information about the capital assets is presented in Note 5 and 6 to the financial statements.

BUDGETS

The budgets were amended during the year. The primary reason for amending the budgets was to comply with state law. The major variances between the original General Fund budget and the final amended budget were as follows:

Revenues

- Intergovernmental revenues increased by \$300,000 to better reflect the grant from the Criminal Court Fund.
- Service fees decreased by \$6,225 and
- interest income increased by \$61.

Expenditures

- Personnel services decreased by \$110,502,
- Supplies and materials decreased by \$3,144,
- Repair and maintenance decreased by \$16,767, and
- Other services and charges increased by \$87,209 primarily for professional fees, contract labor – Security Service, Insurance and seminars and training.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Among the factors considered in compiling the 2019 budget were:

1. any changes in rates, fees, and grant funding for the next fiscal year
2. any new laws and regulations enacted that would apply to the upcoming year
3. any new revenue sources or expenditures not previously encountered.

SEVENTEENTH JUDICIAL DISTRICT COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Highlights of next year's adopted budget for the general fund (excluding on-behalf payments) include:

Beginning Fund Balance	\$ 595,280
Projected Revenue	165,240
Projected Expenditures	<u>(289,550)</u>
Ending Fund Balance	<u>\$ 470,970</u>

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show accountability for the money it received. If you have questions about this report or need additional financial information, contact:

Honorable Judge John E. LeBlanc, Chief Judge,
201 Green St. 1st Floor
Thibodaux, LA 70301
Phone: 985-447-3780

FINANCIAL SECTION



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Judges of the Seventeenth Judicial District Court
Lafourche Parish
Thibodaux, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Seventeenth Judicial District Court as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 of 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 risk 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Seventeenth Judicial District Court as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the foregoing table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Government 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 basic financial statements as a whole. The other information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information, directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 24, 2019, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, Louisiana
June 24, 2019



**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Statement of Net Position - Governmental Activities
December 31, 2018

ASSETS

Cash and cash equivalents	\$	779,835
Investments		7,748
Due from other governments		51,942
Capital Assets, net of depreciation		131,544
TOTAL ASSETS		971,069

DEFERRED OUTFLOWS OF RESOURCES

256,809

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses		28,836
Due to other governments		-
Current liabilities		28,836

Non-Current Liabilities

Compensated absences		69,988
Net Pension liability		3,352,813
Non-Current Liabilities		3,422,801
TOTAL LIABILITIES		3,451,637

DEFERRED INFLOWS OF RESOURCES

37,598

NET POSITION

Net invested in capital assets		131,544
Restricted for:		
Drug Treatment Court		226,211
Unrestricted		(2,619,112)
TOTAL NET POSITION	\$	(2,261,357)

See Notes to Financial Statements.

SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA
Statement of Activities - Governmental Activities
For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Charges for services	Operating Grants & Contributions	Capital Grants & Contributions	Net (Expense) Revenue
Judicial activities:	\$ 2,943,837	\$ 259,837	\$ 3,051,160	\$ -	\$ 367,160
Total governmental activities	2,943,837	259,837	3,051,160	-	367,160
GENERAL REVENUES					
Interest earned					247
TOTAL GENERAL REVENUES					247
CHANGE IN NET POSITION					367,407
NET POSITION:					
Beginning of year					(2,628,764)
End of year					\$ (2,261,357)

See notes to financial statements.

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Balance Sheet - Governmental Funds
December 31, 2018

	General Fund	Drug Treatment Court	FINS Program Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 565,169	\$ 127,259	\$ 87,407	\$ 779,835
Investments	7,748	-	-	7,748
Due from others	-	-	-	-
Due from other governmental units	11,561	40,381	-	51,942
Total Assets	<u>\$ 584,478</u>	<u>\$ 167,640</u>	<u>\$ 87,407</u>	<u>\$839,525</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable & accrued liabilities	\$ -	\$ 28,836	\$ -	\$ 28,836
Due to other governmental units	-	-	-	-
Total liabilities	<u>-</u>	<u>28,836</u>	<u>-</u>	<u>28,836</u>
Fund Balances:				
Committed for Drug Court	-	138,804	-	138,804
Assigned for:				
FINS	-	-	87,407	87,407
Unassigned	584,478	-	-	584,478
Total Fund Balances	<u>584,478</u>	<u>138,804</u>	<u>87,407</u>	<u>810,689</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 584,478</u>	<u>\$ 167,640</u>	<u>\$ 87,407</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds - net book value:	131,544
Long term liabilities are not due and payable in the current period and therefore not reported in governmental funds:	
Compensated absences	(69,988)
Net Pension liability	(3,352,813)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in the funds:	
Deferred outflows - contributions	179,216
Deferred outflows - others	77,593
Deferred inflows - proportionate share	(37,598)
Net assets of governmental activities	<u>\$ (2,261,357)</u>

See notes to financial statements.

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Drug Treatment Court	FINS Program Fund	Total Governmental Funds
REVENUES				
Intergovernmental:				
State of Louisiana:				
Supreme Court	\$ -	\$ 514,108	\$ 35,904	\$ 550,012
On-behalf payments received	1,801,707	-	-	1,801,707
Other local governments	550,000	104,191	45,250	699,441
Service fees:				
Sheriff's Office	133,094	-	-	133,094
Clerk of Court	27,351	-	-	27,351
Charges for services	-	99,392	-	99,392
Interest	247	-	-	247
TOTAL REVENUES	<u>2,512,399</u>	<u>717,691</u>	<u>81,154</u>	<u>3,311,244</u>
EXPENDITURES				
Current - General government - Judicial				
Personnel Services:				
Salaries and related benefits	76,653	493,962	45,682	616,297
On-behalf payments	1,801,707	-	-	1,801,707
Supplies and materials:				
Supplies	17,825	3,809	151	21,785
Lab testing and supplies	-	96,740	-	96,740
Books, dues, and subscriptions	4,691	-	-	4,691
Comptuer supplies	86	-	-	86
Other services and charges:				
Postage	202	-	100	302
Travel	2,298	-	470	2,768
Professional fees	13,771	60,314	-	74,085
Insurance	13,289	-	-	13,289
Seminars and training	5,194	8,872	-	14,066
Rent-Storage & Equipment	13,338	31,309	14,549	59,196
Utilities	-	14,245	1,004	15,249
Telephone	22,388	-	995	23,383
Contract labor-Security	60,609	23,914	-	84,523
Miscellaneous	2,156	5,692	278	8,126
Court cost	620	-	-	620
Maintenance and repair:				
Equipment	23,523	-	-	23,523
Total current expenditures	<u>2,058,350</u>	<u>738,857</u>	<u>63,229</u>	<u>2,860,436</u>
Capital outlay	1,863	-	-	1,863
TOTAL EXPENDITURES	<u>2,060,213</u>	<u>738,857</u>	<u>63,229</u>	<u>2,862,299</u>
Net Changes in Fund Balances	452,186	(21,166)	17,925	448,945
FUND BALANCES				
Beginning	132,292	159,970	69,482	361,744
Ending	<u>\$ 584,478</u>	<u>\$ 138,804</u>	<u>\$ 87,407</u>	<u>\$ 810,689</u>

See notes to financial statements.

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds (fund financial statements) \$ 448,945

Amounts reported for *governmental activities* in the statement of activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund.
Governmental activities report depreciation expense to allocate the cost of those
capital assets over the estimated useful lives of the asset.

Capital asset purchases	\$ 1,863	
Depreciation expense	<u>(23,951)</u>	(22,088)

Some expenditures reported in the statement of activities do not require the use of
current financial resources and, therefore, are not recorded as expenditures in
governmental funds

(Increase) Decrease in compensated absences	23,761
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Governmental funds report district pension contributions as expenditures.
However, in the Statement of Activities, the cost of pension benefits earned net of
employee contributions are reported as pension expense

Deduct Employer Pension Expense	(211,911)	
Cost of benefits earned net of employee contributions	<u>128,700</u>	(83,211)

Change in net assets of governmental activities	<u>\$ 367,407</u>
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See Notes to the Financial Statements.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Introduction

The Seventeenth Judicial District Court (the Court) is as a level of the judicial branch of government and is charged with trying all cases that involve the government and with the administration of justice within its jurisdiction, which encompasses all of Lafourche Parish. The Seventeenth Judicial District is comprised of five (5) independently elected judges with 6 year-terms.

Note 1 Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements consist of the government-wide statements (GWFS) on all activities and the governmental fund financial statements (FFS) that report on individual major funds.

B. Reporting Entity

These financial statements present the primary government as defined by GASBS No. 14; component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Seventeenth Judicial District is a part of the district court system of the State of Louisiana. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity.

Financial accountability is determined by applying criteria established by the GASB as listed below:

- Financial benefit or burden
- Appointment of a voting majority
- Imposition of will
- Fiscally dependent

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (continued)

Since, the Judges are independently elected officials, and the district is legally separate and fiscally independent, they are considered a separate governmental reporting entity.

There are unrecorded financial transactions between the Court and the Lafourche Parish Council. The Council provides office space, courtrooms and utilities. These transactions are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability. These financial statements include all funds and activities that are within the oversight responsibility.

C. Fund Accounting

The accounting system is organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds in the financial statements in this report are grouped into two broad categories as follows:

Governmental Fund Types

Governmental funds account for all or most of the general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the major governmental funds:

The General Fund – The general fund is the general operating fund. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

Drug Treatment Court Fund – This fund accounts for the operations of the Lafourche Parish Drug Treatment Court. Financing is provided by the Louisiana Supreme Court, including TANF grant funding, client fees and other grants.

FINS Program Fund – accounts for the operations of the Families in Need of Services – Juvenile Court. Financing is provided by various governmental agencies.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

D. Measurement Focus / Basis of Accounting

Government-Wide Financial Statements (GWFS)

The government-wide financial statements display information as a whole. These statements include all the financial activities. The GWFS include statement of net position and the statement of activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Governmental activities generally are financed through fees, charges for services, intergovernmental revenues and other non-exchange revenues.

Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements (FFS)

The amounts reflected in fund financial statements, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the FFS, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 **Summary of Significant Accounting Policies (Continued)**

D. Measurement Focus / Basis of Accounting (continued)

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Court fines and fees, and interest are recorded when earned and measurable.

Expenditures – The major expenditures are recorded when earned and payable or when incurred. Allocation of cost such as depreciation is not recognized in the governmental funds.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are capitalized at historical cost or estimated if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of the asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Capital assets are recorded in the GWFS. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings renovations	15-40 years
Furniture and equipment	5-10 years

H. Accumulated Vacation and Sick Leave

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon retirement or termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. However, unused sick leave is not paid upon retirement or termination.

In the GWFS, the net change in accumulated annual leave liability is recorded as an expense and the total accumulated compensated absence is recorded as a long-term obligation. In accordance with GASB No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), the compensated absences liability of \$69,988 is recorded at December 31, 2018 in the GWFS.

I. Operating Budgetary Data

As required by Louisiana Revised Statute 39:1303, the Judges adopted a budget for the General Fund and both Special Revenue Funds. The public hearings and advertisements were conducted. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by Judges.

The budgets are prepared on a modified accrual basis of accounting. The budget presented in the Budget Comparison Schedules show the original and final amended budgets for the year. The Court amended the budgets one time during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

A budget for the Drug Court Grant is submitted to the respective grantor for approval. Funding is from various federal, state and local governmental agencies and other local agencies.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

J. Interfund Transactions

Permanent reallocation of resources between funds is classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

K. Fund Equity

Government-wide Financial Statements

Equity is classified as net position and displayed in the three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation.
- b. Restricted – consists of net position with constraints placed on use either by (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Court's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

- Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.
- The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action.
- The assigned fund balance classification is intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
- The assigned portion of the general fund equity is for subsequent years' expenditures which are amounts in the next year's budget that represents deficiencies of revenues over expenditures.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

The Court applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

L. Estimates

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

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System (LASERS) - the Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent 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 represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 2 Deposits and Investments

Deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits.

Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. Demand (deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value.

At December 31, 2018, the balances of deposits are as follows:

	Reported Balances	Bank Balances
Cash	\$779,735	\$840,587

The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that in an event of a bank failure, deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The Court has a written policy for custodial credit risk. Of the total bank balance, \$501,997 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Court's name.

The market values of the pledged securities plus the federal deposit insurance (FDIC) must equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At year-end deposits in excess of the FDIC insurance were adequately collateralized by securities held by unaffiliated banks for the accounts of the Court.

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 2 Deposits and Investments (Continued)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 40, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the entity that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Court to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP). As a means of limiting its exposure to fair value losses arising from interest rates, the investment policy limits investments to securities with less than six months from the date of the purchase unless the investment is matched to specific cash flow.

Investment credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The investment policy limits investments to those discussed earlier in this note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Court will not be able to recover the value of its investments to collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 2 Deposits and Investments (Continued)

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest.

Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of participants' position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Investments in LAMP amounted to \$7,748 and are classified investments.

A summary of deposits and investments is as follows:

Reported amount of deposits	\$779,735
Reported amount of investments	7,748
Petty Cash	100
Total	\$787,583

Note 3 Due from Other Governmental Units

Amounts due from other governmental units consisted of the following:

	General	Drug Court	Totals
LA Supreme Court		\$40,381	\$40,381
Lafourche Parish:			
Clerk of Court	\$ 1,990		1,990
Sheriff	9,571		9,571
School Board			
City of Thibodaux			
TOTALS	\$11,561	\$40,381	\$51,942

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 4 Capital Assets

Capital assets and depreciation activity is as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Capital assets being depreciated:				
Building renovations	\$171,861	\$ -	-	\$171,861
Intangibles	94,357	-	-	94,357
Equipment	572,331	1,863	-	574,194
Total Cost	\$838,549	\$1,863	-	\$840,412
Less accumulated depreciation for:				
Building renovations	\$64,460	\$4,762	-	\$69,222
Intangibles	94,357	-	-	94,357
Equipment	526,100	19,189	-	545,289
Total accumulated depreciation	\$684,917	\$23,951		\$708,868
Total capital assets, net	\$153,631			\$131,544

Depreciation expense for the year recorded for governmental activities was \$23,951.

Note 5 Long-Term Obligations

Long term obligations consist of accumulated unpaid vacation and net pension liability. The following is a summary of the changes in long-term obligations:

	Compensated Absences	Net Pension Liability
Beginning of the year	\$93,749	\$3,282,277
Net increase (decrease)	(23,761)	70,536
End of Year	\$69,988	\$3,352,813

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 6 Pension Plans

The judges are members of the Louisiana State Employees' Retirement System (LASERS), a cost sharing, and multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS membership includes rank & file state employees and special plans for: judges, certain legislative officials and statewide elected officials, correctional officers in the Department of Safety and Corrections, bridge police for the Crescent City Connection, enforcement agents with the Department of Wildlife and Fisheries, Alcohol and Tobacco Control officers, and peace officers. The judges are paid by the Louisiana State Supreme Court and their contributions to LASERS are made by the Supreme Court. The proportionate share of the Net Pension Liability for the Judge's is included in the Judicial Branch of Louisiana on LASERS Employer Pension Report and is not reported on the Court's financial statements.

Employees who work for the Court are paid by the Lafourche Parish Council and are also members of the Louisiana State Employees Retirement System (LASERS). The contributions to LASERS is made by the Parish for the payroll generated by the parish for the Court employees (court employee, drug court, and FINS employees). The Court employees are all paid by the Parish; however, the majority of the salaries and benefits paid by the parish for the court employees is reimbursed by the 17th Judicial Court except what the Judges have budgeted in their Parish General Funds. The Judges determine the sources and amounts of income for their employees. The salaries and related contributions paid by the Parish are included in the Court's financial statement as on-behalf payments; therefore, the related net pension liability, deferred inflows and outflows related to the net pension liability for the LASERS contributions paid by the Parish are reported on the Court's financial statements. Payments made on behalf of the Court employees for pension benefits to the LASERS by the Parish for the year ending December 31, 2018 is \$358,605.

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and RSI. In the past as long as the government paid its Annual Required Contribution, there would be no recorded liability.

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Louisiana State Employees' State System

Plan Description – The Court, through on-behalf payments by the Parish, contribute to the Louisiana State Employees' State System (the System), a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees and their beneficiaries, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and permanent benefit increases and cost of living adjustments to plan members and beneficiaries.

The System is governed by Louisiana Revised Statutes 11:401, specifically, and other general laws of the State of Louisiana. The System issued a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided - LASERS membership has specific membership requirements established by legislation, with LASERS established for state officers, employees, and their beneficiaries which include judges. The age and years of creditable service required in order for a member to retire with full benefits are established by state statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file member may either retire with full benefits:

- 30 years of creditable service at any age, or
- 5-10 years of creditable service depending on their plan who has attained age 60, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

The basic annual retirement benefit for members is equal to 2.5 to 3.5 of average compensation multiplied by the number of creditable years of service. Average compensation is defined as the member's average annual earned compensation for the highest consecutive months of employment for members employed prior to July 1, 2006.

For members hired after July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement.

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of year of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire:

- 5 years of creditable service at age 60, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

Hazardous duty members are eligible to retire with 12 years of creditable service at age 55, 23 years of creditable service at any age or with reduced benefits after 20 years or creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does to withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Option Program (DROP) – The State Legislature authorized LASERS to established a deferred retirement option plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third party provider.

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Initial Benefit Option Plan – Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of ½% less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits - All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits – Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of 20 years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child.

Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost of Living Adjustments – As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost of living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions – The employer contribution rate is established annually under LA RS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially determined employer contribution rate.

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

The current rate was 37.9% of annual covered payroll from January 1, 2018 December 31, 2018. The contribution requirements of plan members employees and employers are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Court contributions to LASERS for the year ending December 31, 2018 was \$358,605, respectively, equal to the required contributions for each year.

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2018 (the measurement date), the Court reported a total of \$3,352,813 for its proportionate shares of the net pension liability, reported as governmental activities.

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. The proportions of the plan was as follows:

<u>Plan</u>	<u>Proportionate share</u>	
	<u>6/30/18</u>	<u>6/30/17</u>
LASERS	0.049160%	0.046630%

For the year ended June 30, 2018, the Court recognized \$211,911 as its proportionate share of pension expense for the LASERS plan, and in addition, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

<u>Plan</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Changes in Assumptions	\$34,118	\$ -
Net difference between projected and actual earnings on pension plan investments	43,475	(37,598)
District contributions subsequent to the measurement date	<u>179,216</u>	<u>-</u>
TOTALS	<u>\$ 256,809</u>	<u>\$ (37,598)</u>

The deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30:	
2019	\$95,202
2020	39,000
2021	(81,937)
2022	(12,271)
Total	\$39,994

Actuarial assumptions:

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Plan	LASERS
Inflation	2.75%
Discount rate used To measure pension liability	7.65%
Salary increases	Vary from 2.8% to 5.3% for Judges
Investment rate of return	7.65%
Actuarial cost method	Entry age normal
Expected remaining service lives	3 years
Cost of Living Adjustment	none

Mortality rates for LASERS were based on the RP-2000 Combined Healthy Mortality Table for Non-disabled members, and RP-2000 Disabled Retiree Mortality Tables, with no projection for mortality improvement for disabled members.

The long-term expected rate of return on the pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.83% for the years ending June 30, 2018.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2018, are summarized in the following table:

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
LASERS:		
Cash	0%	-0.48%
Domestic Equity	25%	4.31%
International Equity	32%	5.26%
Domestic Fixed Income	8%	1.49%
International Fixed Income	6%	2.23%
Alternative Investments	22%	7.67%
Risk Parity	7%	4.96%
Total Fund		5.40%

Rates of return are presented as geometric means for LASERS.

The discount rate used to measure the total pension liability was 7.65%. The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements
For the Year Ended December 31, 2018

Note 6 Pension Plans, (Continued)

Plan	1% Decrease 6.70%	Current Discount Rate 7.70%	1% Increase 8.70%
LASERS	\$4,231,472	\$3,352,813	\$2,596,070

Pension plan fiduciary net position:

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans.

Payables to the pension plans:

At year end there was no amounts due to the pension plans for employer and employee required contributions.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213, 225-922-0600.

Note 7 Risk Management

The Court is exposed to various risks of loss related to tort; theft of, damage to, or destruction of assets; errors and omissions; and injuries to the public; and natural disasters. To protect against these risks, the Court has purchased commercial or other insurance for the losses to which it is exposed. No settlements were made during the year that exceeded insurance coverage.

Note 8 On-Behalf Payment and In-Kind Payments

GASB Statement 24 Accounting and Financial Reporting for Certain Grants and Other Financial Assistance requires that on-behalf payments for salaries and fringe benefits be recognized as revenue and expenditures in the employer government's financial statements. On-behalf payments for salaries and fringe benefits are direct payments made by one entity (the paying entity or paying government) to a third-party recipient for the employee of another, legally separate entity (the employer entity or employer government).

SEVENTEENTH JUDICIAL DISTRICT COURT
Notes to Financial Statements

For the Year Ended December 31, 2018

Note 8 On-Behalf Payment and In-Kind Payments (continued)

The amount recognized as intergovernmental revenue and personal services expenditures as on-behalf payments amount to \$1,801,707. Included in the on-behalf payments are contributions to pension plans. Employees belong to the Louisiana State Employees' Retirement System Pension Plan and the Lafourche Parish Council contributes to this pension plan on behalf of the Court. The Judges belong to the Louisiana State Employees' Retirement System Pension Plan and the State of Louisiana contributes to this pension plan on behalf of the Court.

The on-behalf payments received and paid by the State of Louisiana and Lafourche Parish Council are not budgeted or reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –General Fund in this report. The net effect of reflecting the receipt and payment of salaries and benefits on-behalf is zero.

A reconciliation of total revenues and expenditures for the General Fund follows:

	Total Revenue	Total Expenditures
Statement of Revenues, Expenditures, and Changes in Fund Balances	\$2,512,399	\$2,060,213
On-Behalf Payments	1,801,707	1,801,707
Budget Comparison Schedule-General Fund	\$710,692	\$258,506

Certain expenditures of the Lafourche Parish Drug Treatment Court are paid for by the Lafourche Parish Government are recorded in the Drug Court fund such as rent, utilities, bailiff and deputy fees, probation officer and professional fees for the Judge, Indigent defender, assistant district attorney. The net effect of reflecting the receipt and payment of salaries and benefits on-behalf is zero.

A reconciliation of total revenues and expenditures for the Drug Court Fund follows:

	Total Revenue	Total Expenditures
Statement of Revenues, Expenditures, and Changes in Fund Balances	\$717,691	\$738,857
In Kind Payments	104,191	104,191
Budget Comparison Schedule-General Fund	\$613,500	\$634,666

SEVENTEENTH JUDICIAL DISTRICT COURT

Notes to Financial Statements

For the Year Ended December 31, 2018

Note 9 *Operating Leases*

The Court has entered into two leases, one for six copy machines for office operations and another for a lease for the rent of building space for the FINS program. The monthly minimum lease payments are \$1,419 for the copy machines.

**REQUIRED SUPPLEMENTARY
INFORMATION**

SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA
 Budget Comparison Schedule - General Fund
 For the Year Ended December 31, 2018

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Intergovernmental:				
Lafourche Parish Government Criminal Court	\$ 250,000	\$ 550,000	\$ 550,000	-
DOJ Pact Place Grant	-	-	-	-
Service fees:				
Sheriff's Office	135,000	133,404	133,094	(310)
Clerk of Court	30,000	27,655	27,351	(304)
Interest	120	181	247	66
TOTAL REVENUES	415,120	711,240	710,692	(548)
EXPENDITURES				
Current - General government - Judicial				
Personnel Services				
Salaries and related benefits	183,000	72,498	76,653	(4,155)
Supplies and materials				
Supplies	10,000	9,384	17,825	(8,441)
Books, dues, and subscriptions	4,950	4,319	4,691	(372)
Computer supplies	2,000	103	86	17
Other services and charges				
Postage	250	10	202	(192)
Travel	2,000	7,158	2,298	4,860
Professional fees	9,900	13,045	13,771	(726)
Insurance	8,500	12,189	11,883	306
Insurance paid for FINS	1,500	1,406	1,406	-
Seminars and training	5,000	6,473	5,194	1,279
Laundry and uniforms	100	36	-	36
Rent	17,250	13,793	13,338	455
Telephone	13,150	22,330	22,388	(58)
Contract Laor	-	62,494	60,609	1,885
Drug Court	5,000	3,737	-	3,737
Miscellaneous	8,000	1,089	2,156	(1,067)
Court cost	300	593	620	(27)
Maintenance and repair				
Equipment	32,500	15,733	23,523	(7,790)
Total current expenditures	303,400	246,390	256,643	(10,253)
Capital outlay	5,000	1,863	1,863	-
TOTAL EXPENDITURES	308,400	248,253	258,506	(10,253)
Net Changes in fund Balances	106,720	462,987	452,186	(10,801)
FUND BALANCES				
Beginning	159,118	132,292	132,292	-
Ending	\$ 265,838	\$ 595,279	\$ 584,478	\$ (10,801)

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Budget Comparison Schedule - Drug Treatment Court
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental:				
State of Louisiana:				
Supreme Court Reimbursement	\$ 420,000	\$ 398,605	\$ 362,725	\$ (35,880)
Supreme Court - TANF	122,000	164,779	151,383	(13,396)
Lafourche Parish Sheriff's Office	5,000	-	-	-
Charges for services:				
Client fees	125,000	103,935	99,392	(4,543)
TOTAL REVENUES	<u>672,000</u>	<u>667,319</u>	<u>613,500</u>	<u>(53,819)</u>
EXPENDITURES				
Current - General government - Judicial				
Administrative Personnel Services	140,000	157,521	493,962	(336,441)
Treatment	360,000	371,765	23,914	347,851
Lab Personnel & Supplies	145,000	111,395	96,740	14,655
Lab personnel	-	7,607	-	7,607
Office supplies	14,500	10,788	3,809	6,979
Travel and training	7,500	9,525	8,872	653
Office expenses	5,000	3,815	5,692	(1,877)
Rent - Equipment & Office	200	385	1,677	(1,292)
TOTAL EXPENDITURES	<u>672,200</u>	<u>672,801</u>	<u>634,666</u>	<u>38,135</u>
Net Changes in fund Balances	(200)	(5,482)	(21,166)	(91,954)
FUND BALANCES				
Beginning	81,335	188,615	159,970	(28,645)
Ending	<u>\$ 81,135</u>	<u>\$ 183,133</u>	<u>\$ 138,804</u>	<u>\$ (44,329)</u>

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Budget Comparison Schedule - FINS Program Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Louisiana Supreme Court	\$ 35,904	\$ 35,152	\$ 35,904	\$ 752
Lafourche Parish School Board	21,375	20,250	20,250	-
City of Thibodaux	12,000	12,000	12,000	-
Lafourche Parish Criminal Court Fund	12,000	12,000	13,000	1,000
TOTAL REVENUES	81,279	79,402	81,154	1,752
EXPENDITURES				
Current - General government -Judicial:				
Personnel Services				
Salaries and related benefits	44,000	44,000	45,682	(1,682)
Supplies and materials				
Supplies	800	-	151	(151)
Other services and charges				
Postage	270	120	100	20
Travel	900	564	470	94
Utilities	1,600	1,338	1,004	334
Seminars and training	1,100	120	-	120
Rent	13,440	15,000	13,440	1,560
Equipment rental	1,200	1,220	1,109	111
Telephone	1,000	1,194	995	199
Miscellaneous	700	-	278	(278)
Maintenance and repair	500	-	-	-
TOTAL EXPENDITURES	65,510	63,556	63,229	327
Net Changes in fund Balances	15,769	15,846	17,925	2,079
FUND BALANCES				
Beginning	69,482	69,482	69,482	-
Ending	\$ 85,251	\$ 85,328	\$ 87,407	\$ 2,079

OTHER INFORMATION

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH, LOUISIANA**

Schedule Of Compensation, Benefits And Other Payments To Agency Head Or Chief Executive Officer
For the Year Ended December 31, 2018

AGENCY HEADS: ALL DISTRICT JUDGES

	Division A	Division B	Division C	Division D	Division E
	Judge John E LeBlanc	Judge Steven M. Miller	Judge Walter I Lanier, II	Judge Christopher Boudreaux	Judge F. Hugh (Buddy) Larose
Purpose					
Salary paid by the State of LA (on-behalf)	\$151,943	\$151,943	\$151,943	\$151,943	\$151,943
Benefits - insurance - paid by the State of LA (on-behalf)	\$11,111	\$11,111	\$11,111	\$11,111	\$11,111
Benefits - retirement paid by the State of LA (on-behalf)	\$57,586	\$57,586	\$57,586	\$57,586	\$57,586
Benefits - other (Medicare) - paid by the State of LA (on-behalf)	\$2,203	\$2,203	\$2,203	\$2,203	\$2,203
Benefits - other	\$0	\$0	\$0	\$0	\$0
Car allowance	\$0	\$0	\$0	\$0	\$0
Vehicle provided by government	\$0	\$0	\$0	\$0	\$0
Cell phone	\$0	\$0	\$0	\$0	\$95
Dues	\$0	\$0	\$0	\$0	\$0
Vehicle rental	\$0	\$0	\$0	\$0	\$0
Per diem	\$0	\$0	\$0	\$0	\$0
Reimbursements	\$170	\$0	\$0	\$0	\$0
Travel	\$0	\$0	\$0	\$0	\$0
Registration fees	\$0	\$0	\$0	\$0	\$0
Conference travel	\$0	\$0	\$0	\$0	\$0
Travel Reimbursment - from Supreme Court	\$0	\$0	\$0	\$0	\$0
Continuing professional education fees	\$0	\$0	\$0	\$0	\$0
Housing	\$0	\$0	\$0	\$0	\$0
Unvouchered expenses	\$0	\$0	\$0	\$0	\$0
Special meals - monthly lunch meeting - all judges	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0
TOTAL	\$223,013	\$222,843	\$222,843	\$222,843	\$222,938

***REPORTS REQUIRED BY
GOVERNMENT AUDITING
STANDARDS***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Judges of the Seventeenth Judicial District
Lafourche Parish
Thibodaux, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities and each major fund of the Seventeenth Judicial District Court for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 charge 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 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*.

The Seventeenth Judicial District Court's Response to Findings

The Court's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audits of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

This report is intended 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
June 24, 2019



SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH
Thibodaux, Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

We have audited the basic financial statements of the governmental activities and each major fund of the Seventeenth Judicial District Court as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated June 24, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit of the financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. *Report on Internal Control and Compliance Material to the Financial Statements*

Internal Control

Material Weaknesses	No
Significant Deficiencies	No

Compliance

Compliance Material to Financial Statements	No
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b. *Federal Awards* **Not applicable**

Internal Control

Material Weaknesses	Yes	No	Reportable Conditions	Yes	No
Type of Opinion On Compliance			Unqualified	Qualified	
For Major Programs			Disclaimer	Adverse	

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Circular)?

c. *Identification of Major Programs:* **Not applicable**

CFDA Number (s)	Name of Federal Program (or Cluster)
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Dollar threshold used to distinguish between Type A and Type B Programs: \$_____

Is the auditee a 'low-risk' auditee, as defined by Uniform Circular



SEVENTEENTH JUDICIAL DISTRICT COURT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018
Page 2 of 2

Section II Financial Statement Findings

None noted

Section III Federal Award Findings - NONE



SEVENTEENTH JUDICIAL DISTRICT COURT
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018
Page 2 of 2

Section II Financial Statement Findings

Internal Control

2008-1 CONSOLIDATED FINANCIAL REPORTING

Criteria: Effective internal controls require that an entity have staffing with the technical expertise, knowledge and available time to prepare or oversee the preparation of consolidated financial statements and all disclosures in accordance with generally accepted accounting principles as part of its control process.

Condition: Management has elected to utilize multiple accountants to perform bookkeeping services for its various funds. Therefore, it has no single entity currently assembling or overseeing its consolidated financial statements and necessary disclosures in accordance with generally accepted accounting principles.

Effect: Seventeenth Judicial District Court has a recognized deficiency in internal control.

Cause: Seventeenth Judicial District Court has not determined a need for a single entity to be utilized for assembly of the consolidated financial statements and necessary disclosures.

Recommendation: We recommend that management consider the need for utilization of an entity to prepare or oversee the preparation of the consolidated financial statements and necessary disclosures.

Section III Federal Award Findings - NONE

**SEVENTEENTH JUDICIAL DISTRICT COURT
LAFOURCHE PARISH
THIBODAUX, LOUISIANA**

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2018

REFERENCE #	CORRECTIVE ACTION
SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2008-1 Management of the Seventeenth Judicial District Court has elected to utilize multiple accountants to perform bookkeeping services for its various funds. Therefore, it has no single entity currently assembling or overseeing its consolidated financial statements and necessary disclosures in accordance with generally accepted accounting standards	Resolved
SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NOT APPLICABLE	
SECTION III - MANAGEMENT LETTER	
NONE ISSUED	

NOTES TO SCHEDULE:

This summary schedule includes all prior audit findings and management letter findings.

In the reference number, the first 4 digits are the year that the audit finding related to.

Seventeenth Judicial District Court
Lafourche Parish
Statewide Agreed Upon
Procedures Report
With Schedule of Findings
and Management's Responses

As of and for the Year Ending
December 31, 2018



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Seventeenth Judicial District Court
Lafourche Parish
Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period January 1, 2018 – December 31, 2018

To the Honorable John E LeBlanc, Chief Judge
Seventeenth Judicial District Court and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Seventeenth Judicial District Court (the Court) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Court's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *The policies of the Court address all the applicable functions listed above except for:*

1a) *The Court does not have a policy on budgeting.*

1b) *The Court's policy does not specifically address how purchases are initiated; controls to ensure compliance with the public bid law; or documentation required to be maintained for all bids and price quotes.*

1f) *The Court does not have a policy on contracting.*

Management's Response: *The Courts funds are budgeted and are in compliance with the Local Government Budget Act. The Judges will review and address the functions not listed in the purchasing policy. The Court follows public bid laws for contracting.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those*



entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: *This procedure is not applicable to the Court.*

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *We selected 3 bank checking accounts for testing. All bank accounts are reconciled timely and all included evidence that a member of management reviewed the bank reconciliation. There were no outstanding checks or deposits for more than 12 months on any of the reconciliations.*

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.



- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 3 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 6 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *Each person responsible for collecting cash is bonded. The same person who collects the money for the General Fund also deposits the funds. The person responsible for collecting cash for the General Fund is not responsible for reconciling cash collections to the general ledger. The Court has a formal process to reconcile cash collections to the general ledger. Two deposits from each of the 3 bank accounts were randomly selected. One of the deposits did not have documentation to perform tests. In addition, one did not have sufficient support to determine if it was deposited within one business day.*

Managements Response: *Due to the size of the staff and the nature of the deposits the control over the collections is adequate. The Court is following its policy for collections and deposits.*



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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: We obtained supporting documentation for 5 disbursements. The criteria in steps 9(a) and 9(b) were not applicable. The Court received a prior year finding related to evidence of approval for disbursements. None of the 5 disbursements tested per 9(c) had evidence of approval for the disbursement.

Management's Response: All of the disbursements (5) that were not approved for payment were disbursed from the FINS account. We will provide written evidence for approval before payment for future disbursements.

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

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



Results: *The Court does not have any such cards. We obtained management's representation that there are none.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: *This procedure is not applicable.*

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

Results: *This procedure is not applicable.*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.



Results: We obtained the listing of all travel and related expense reimbursements from the detail general ledger and we obtained management's representation that the list was complete. We selected one travel and related expense transactions from each area of the Court. All of the 4 transactions selected had the original itemized receipt with a business purpose. One transaction selected did not have written evidence of approval.

Management's Response: The Court is governed and follows the La Supreme Court rules on travel and expense reimbursements. All supporting documentation will include evidence of written approval.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: The Court did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected



official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *The Court did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *The Court did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *The Court has no outstanding debt, therefore this procedure is not applicable.*



Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The Court did not have exceptions in this category in Year 1 (December 31, 2017), therefore was excluded from testing in Year 2 (December 31, 2018).*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Stagni & Company

Thibodaux, LA
June 24, 2019



STAGNI & COMPANY, LLC
