

**FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland, and West Carroll, Louisiana**

**Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2017
With Supplemental Information Schedules**

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

Annual Financial Statements
 With Independent Auditor's Report
 As of and for the Year Ended December 31, 2017
 With Supplemental Information Schedules

C O N T E N T S

| | | <u>Page No.</u> |
|---|------------------|-----------------|
| Independent Auditor's Report | | 3 |
| Required Supplemental Information (Part I) | | |
| Management's Discussion and Analysis | | 7 |
| Basic Financial Statements | | |
| | <u>Statement</u> | <u>Page No.</u> |
| Government-Wide Financial Statements: | | |
| Statement of Net Position | A | 12 |
| Statement of Activities | B | 13 |
| Fund Financial Statements: | | |
| Governmental Funds: | | |
| Balance Sheet | C | 14 |
| Reconciliation of the Governmental Funds Balance Sheet to The Financial Statement of Net Position | | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances | D | 16 |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities | | 17 |
| Notes to the Financial Statements | | 18 |

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana
 Contents, December 31, 2017

C O N T E N T S (CONTD.)

| | <u>Schedule</u> | <u>Page No.</u> |
|--|-----------------|-----------------|
| Required Supplemental Information (Part II): | | |
| Budget Comparison Schedule - General Fund | 1 | 36 |
| Budget Comparison Schedule - Hearing Officer Fund | 2 | 37 |
| Budget Comparison Schedule - Hearing Officer Fund | 3 | 38 |
| Note to Budgetary Comparison Schedule | | 39 |
| Schedule of Employer's Share of Net Pension Liability | 4 | 40 |
| Schedule of Employer Contributions | 5 | 42 |
| Other Supplemental Schedules (Part III): | | |
| Schedule of Compensation, Benefits and Other Payments to Agency Head | 6 | 45 |
| Reports Required by Government Auditing Standards (Part IV) | | |
| Independent Auditor's Report Required by Government Auditing Standards (Part IV): | | |
| Report on Compliance and Internal Control over Financial Reporting | | 48 |
| Schedule of Findings and Questioned Costs | 7 | 50 |
| Summary Schedule of Prior Audit Findings | 8 | 51 |
| Statewide Agreed Upon Procedures | | 52 |
| Agency Response to Statewide Agreed Upon Procedures | | 71 |

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Practice Limited to
Governmental Accounting,
Auditing and
Financial Reporting

Independent Auditor's Report

HONORABLE STEPHEN DEAN, GLEN STRONG,
TERRY DOUGHTY, AND JAMES STEPHENS,
JUDGES OF THE FIFTH JUDICIAL DISTRICT
Parishes of Franklin, Richland, and West Carroll, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Fifth Judicial District - Judicial Expense Fund, a component unit of the Franklin, Richland, and West Carroll Parish Police Juries, as of December 31, 2017, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fifth Judicial District - Judicial Expense Fund'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 Fifth Judicial District - Judicial Expense Fund's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana
Independent Auditor's Report,
December 31, 2017

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Fifth Judicial District - Judicial Expense Fund as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, the budgetary comparison information on pages 36 through 39, and the schedule of the judicial expense fund's proportionate share of the net pension liability on pages 40 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 managements's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fifth Judicial District - Judicial Expense Fund's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplemental information schedules listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 45 presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana
Independent Auditor's Report,
December 31, 2017

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 14, 2018, on my consideration of the Fifth Judicial District - Judicial Expense Fund's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results 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 the Fifth Judicial District - Judicial Expense Fund's internal control over financial reporting and compliance.



West Monroe, Louisiana
June 14, 2018

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana

Management's Discussion and Analysis
December 31, 2017

As management of the Fifth Judicial District - Judicial Expense Fund, we offer readers of the Fifth Judicial District - Judicial Expense Fund's financial statements this narrative overview and analysis of the financial activities of the Fifth Judicial District - Judicial Expense Fund for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the district's basic financial statements. The 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 financial activities as a whole and illustrate a longer-term view of the district's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these 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 Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental 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 Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Fifth Judicial District - Judicial Expense Fund's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Fifth Judicial District - Judicial Expense Fund's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fifth Judicial District - Judicial Expense Fund is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fifth Judicial District - Judicial Expense Fund, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Fifth Judicial District - Judicial Expense Fund are governmental funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Fifth Judicial District - Judicial Expense Fund adopts an annual appropriated budget for the general fund and the Hearing Officer Fund. A budgetary comparison statement is provided for the major funds to demonstrate compliance with this budget.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Fifth Judicial District - Judicial Expense Fund's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Fifth Judicial District - Judicial Expense Fund exceeded liabilities by \$142,722. Approximately 3% of the Fifth Judicial District - Judicial Expense Fund's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending. The restricted assets are to defray excessive costs incurred in first degree murder cases or very serious felony trials wherein venue has been changed.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Fifth Judicial District - Judicial Expense Fund to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets.

STATEMENT OF NET POSITION

| | 2017 | 2016 |
|--|-----------|-----------|
| ASSETS | | |
| Cash and cash equivalents | \$313,192 | \$356,799 |
| Receivables | 24,767 | 19,188 |
| Capital assets (net of accumulated depreciation) | 3,893 | 6,379 |
| TOTAL ASSETS | 341,852 | 382,366 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension related | 139,506 | \$228,701 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$481,358 | \$611,067 |
| LIABILITIES | | |
| Accounts payable | \$907 | \$1,619 |
| Payroll payable | | 1,623 |
| Payroll withholdings payable | 19,419 | 21,686 |
| Net pension liability | 318,310 | 364,435 |
| TOTAL LIABILITIES | 338,636 | 389,363 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension related | NONE | NONE |
| NET POSITION | | |
| Invested in capital assets, net of related debt | 3,893 | 6,379 |
| Restricted | 37,765 | 37,873 |
| Unrestricted | 101,064 | 177,452 |
| TOTAL NET POSITION | \$142,722 | \$221,704 |

STATEMENT OF ACTIVITIES

| | 2017 | 2016 |
|--|-----------|-----------|
| Judicial: | | |
| Personal services | \$491,600 | \$473,954 |
| Operating services | 53,634 | 62,916 |
| Materials and supplies | 4,342 | 3,764 |
| Travel | 20,515 | 21,366 |
| Depreciation expense | 2,487 | 2,945 |
| Total Program Expenses | 572,578 | 564,945 |
| Program revenues: | | |
| Fees, charges, and commissions | 421,737 | 432,572 |
| Filing fees | 24,135 | 23,115 |
| Total program revenues | 445,872 | 455,687 |
| Net Program Expenses | (126,706) | (109,258) |
| General revenues | | |
| State funds - Department of Social Services | 36,636 | 36,636 |
| Federal funds | 1,762 | 6,648 |
| Interest earned | 981 | 1,051 |
| Other revenue | 8,345 | 15,126 |
| Total general revenues | 47,724 | 59,461 |
| Change in Net Position | (78,982) | (49,797) |
| Net Position - Beginning of year as restated | 221,704 | 271,501 |
| Net Position - End of year | \$142,722 | \$221,704 |

Financial Analysis of the Government's Funds

As noted earlier, the Fifth Judicial District - Judicial Expense Fund uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds

is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the General Fund's fund balance of \$279,868 showed a decrease of \$33,317 over December 31, 2016. The Hearing Officer Fund's fund balance of \$31,606 showed a decrease of \$635 over December 31, 2016. The FINS Fund's fund balance of \$6,159 showed an increase of \$527 over December 31, 2016.

General Fund Budgetary Highlights

Differences between revenues of the original budget and the final budget of the judicial expense fund were due primarily to an increase in federal funds, filing fees, use of money and property and operating transfers in and a decrease in court costs and other revenues. Differences between expenditures of the original budget and the final budget of the judicial expense fund was primarily due to a decrease in personal services, operating services, materials and supplies, travel and other charges, capital outlay and operating transfers out.

Differences between revenues of the original budget and the final budget of the hearing officer fund were primarily due to a decrease in fees, charges and commissions - court costs and an increase in operating transfers in. Differences between expenditures of the original budget and the final budget of the hearing officer fund were primarily due to an increases in personal services and decreases in materials and supplies, travel and other charges and capital outlay.

Differences between revenues of the original budget and the final budget of the FINS fund were primarily due to a decrease in operating transfers in. Differences between expenditures of the original budget and the final budget of the FINS fund were primarily due to an increase in travel and other charges and a decrease in materials and supplies and operating transfers out.

Capital Asset and Debt Administration

Capital assets. The Fifth Judicial District - Judicial Expense Fund's investment in capital assets for its governmental activities as of December 31, 2017, amounts to \$3,893 (net of accumulated depreciation). This investment includes furniture and equipment. There were no increases or decreases in capital assets for the year.

Long-term debt. The Fifth Judicial District - Judicial Expense Fund's had long term debt outstanding of pension liability of \$318,310 at December 31, 2017.

Requests for Information

This financial report is designed to provide a general overview of the Fifth Judicial District - Judicial Expense Fund's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Fifth Judicial District - Judicial Expense Fund, P.O. Drawer 90, Rayville, LA 71269.

BASIC FINANCIAL STATEMENTS

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

STATEMENT OF NET POSITION
 December 31, 2017

| | |
|--|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$313,192 |
| Receivables | 24,767 |
| Capital assets (net of accumulated depreciation) | <u>3,893</u> |
| TOTAL ASSETS | <u><u>\$341,852</u></u> |
| DEFERRED OUTFLOW OF RESOURCES | |
| Pension related | <u>139,506</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES | <u><u>\$481,358</u></u> |
| LIABILITIES | |
| Liabilities | |
| Accounts payable | \$907 |
| Payroll withholdings payable | 19,419 |
| Net pension liability | <u>318,310</u> |
| TOTAL LIABILITIES | 338,636 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related | NONE |
| NET POSITION | |
| Invested in capital assets, net of related debt | 3,893 |
| Restricted | 37,765 |
| Unrestricted | <u>101,064</u> |
| TOTAL NET POSITION | <u><u>\$142,722</u></u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

STATEMENT OF ACTIVITIES
 December 31, 2017

| | |
|---|-------------------------|
| Judicial: | |
| Personal services | \$491,600 |
| Operating services | 53,634 |
| Materials and supplies | 4,342 |
| Travel | 20,515 |
| Depreciation expense | 2,487 |
| Total Program Expenses | <u>572,578</u> |
| Program revenues: | |
| Fees, charges, and commissions | 421,737 |
| Filing fees | 24,135 |
| Total program revenues | <u>445,872</u> |
| Net Program Expenses | <u>(126,706)</u> |
| General revenues: | |
| State funds - Department of Social Services | 36,636 |
| Federal funds | 1,762 |
| Interest earned | 981 |
| Other revenues | 8,345 |
| Total general revenues | <u>47,724</u> |
| Change in Net Position | (78,982) |
| Net Position - Beginning of year | <u>221,704</u> |
| Net Position - End of year | <u><u>\$142,722</u></u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

GOVERNMENTAL FUNDS

Balance Sheet, December 31, 2017

| | <u>....MAJOR FUNDS....</u> | | | |
|--|----------------------------|-------------------------------------|----------------|---|
| | <u>GENERAL FUND</u> | <u>HEARING OFFICER FUND</u> | <u>FINS</u> | <u>TOTAL GOVERNMENTAL FUNDS</u> |
| ASSETS | | | | |
| Cash and cash equivalents | \$276,420 | \$27,698 | \$9,074 | \$313,192 |
| Receivables | 16,599 | 8,168 | | 24,767 |
| Due from other funds | 2,647 | | | 2,647 |
| TOTAL ASSETS | <u>\$295,666</u> | <u>\$35,866</u> | <u>\$9,074</u> | <u>\$340,606</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities | | | | |
| Accounts payable | \$639 | | \$268 | \$907 |
| Payroll withholdings payable | 15,159 | \$4,260 | | 19,419 |
| Due to other funds | | | 2,647 | 2,647 |
| TOTAL LIABILITIES | <u>15,798</u> | <u>4,260</u> | <u>2,915</u> | <u>22,973</u> |
| Fund Equity: | | | | |
| Restricted - Other general government | | 31,606 | | 31,606 |
| Restricted - Health and welfare | | | 6,159 | 6,159 |
| Unassigned | 279,868 | | | 279,868 |
| TOTAL FUND EQUITY | <u>279,868</u> | <u>31,606</u> | <u>6,159</u> | <u>317,633</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$295,666</u> | <u>\$35,866</u> | <u>\$9,074</u> | <u>\$340,606</u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

Reconciliation of Governmental Funds
 Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2017

| | | |
|--|-----------------|-------------------------|
| Total Fund Balances at December 31, 2017 - Governmental Funds (Statement C) | | <u>\$317,633</u> |
| Deferred outflows of resources | | 139,506 |
| Cost of capital assets at December 31, 2017 | \$83,601 | |
| Less: Accumulated depreciation as of December 31, 2017 | <u>(79,708)</u> | <u>3,893</u> |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Net pension liability | | (318,310) |
| Deferred inflows of resources | | <u>NONE</u> |
| Net Position at December 31, 2017 (Statement A) | | <u><u>\$142,722</u></u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana
 GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
 and Changes in Fund Balances

For the Year Ended December 31, 2017

| | ...MAJOR FUNDS... | | | TOTAL GOVERNMENTAL FUNDS |
|---|-------------------|----------------------------|-----------------|--------------------------------|
| | GENERAL FUND | HEARING OFFICER FUND | FINS | |
| REVENUES | | | | |
| Intergovernmental: | | | | |
| Federal funds | \$1,762 | | | \$1,762 |
| State funds - Department of Social Services | | | \$36,636 | 36,636 |
| Fees, charges, and commissions for services - court costs | 309,155 | \$112,582 | | 421,737 |
| Filing fees | 24,135 | | | 24,135 |
| Use of money and property - interest earnings | 896 | 82 | 3 | 981 |
| Other revenues | 5,777 | | | 5,777 |
| Total revenues | <u>341,725</u> | <u>112,664</u> | <u>36,639</u> | <u>491,028</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government - judicial: | | | | |
| Personal services | 343,893 | 102,069 | | 445,962 |
| Operating services | 49,545 | 4,089 | | 53,634 |
| Materials and supplies | 2,181 | 671 | 1,490 | 4,342 |
| Travel and other charges | 8,608 | 6,470 | 5,437 | 20,515 |
| Total expenditures | <u>404,227</u> | <u>113,299</u> | <u>6,927</u> | <u>524,453</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (62,502) | (635) | 29,712 | (33,425) |
| OTHER FINANCING SOURCE (Use) | | | | |
| Operating transfers in | 34,185 | | 5,000 | 39,185 |
| Operating transfers out | (5,000) | | (34,185) | (39,185) |
| Total other financing source (use) | <u>29,185</u> | <u>NONE</u> | <u>(29,185)</u> | <u>NONE</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE | <u>(33,317)</u> | <u>(635)</u> | <u>527</u> | <u>(33,425)</u> |
| FUND BALANCES AT BEGINNING OF YEAR | <u>313,185</u> | <u>32,241</u> | <u>5,632</u> | <u>351,058</u> |
| FUND BALANCES AT END OF YEAR | <u>\$279,868</u> | <u>\$31,606</u> | <u>\$6,159</u> | <u>\$317,633</u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2017

| | |
|---|-------------------|
| Total net change in fund balances - governmental funds (Statement D) | (\$33,425) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period. | (2,487) |
| Non-employer contributions to cost-sharing pension plan | 2,568 |
| Pension expense | <u>(45,638)</u> |
| Change in net position of governmental activities (Statement B) | <u>(\$78,982)</u> |

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana

Notes to the Financial Statements
As of and For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 15 of the Louisiana Constitution of 1974, the judges of the Fifth Judicial District serve a six-year term. The judicial district shall have original jurisdiction of all civil and criminal matters, including felony cases and cases involving title to immovable property, probate and succession matters, and other matters as provided by law. The Fifth Judicial District encompasses the parishes of Franklin, Richland, and West Carroll, Louisiana.

The accompanying financial statements of the Fifth Judicial District - Judicial Expense Fund have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. Certain of the significant changes in the Statement include the following:

A. REPORTING ENTITY

As governing authorities of the parishes, for reporting purposes, the Franklin, Richland, and West Carroll Parish Police Juries are considered separate financial reporting entities. The financial reporting entity consists of (a) the primary government (the police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Franklin, Richland, and West Carroll Parish Police Juries for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Franklin, Richland, and West Carroll Parish police juries maintain and operate the parish courthouses in which the district judge's offices are located, the Fifth Judicial District - Judicial Expense Fund was determined to be a component unit of the police juries, the financial reporting entities. The accompanying financial statements present information only on the funds maintained by the Fifth Judicial District - Judicial Expense Fund and do not present information on the police juries, the general government services provided by those governmental units, or the other governmental units that comprise the financial reporting entities.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The district's basic financial statements include both government-wide (reporting the district as a whole) and fund financial statements (reporting the district's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the district are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the district.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The district first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses,

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the district's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the district's general revenues.

Allocation of Indirect Expenses - The district reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the district are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the district. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The district's current operations require the use of only governmental funds. The governmental fund type used by the district is described as follows:

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

Governmental Fund Type - Major Funds

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the district and is used to account for the operations of the district's office. The various fees and charges due to the district's office are accounted for in this fund. General operating expenditures are paid from this fund.

Hearing Officer Fund

The Hearing Officer Fund accounts for a 5 percent fee assessed in non-support cases which go through the state's Child Support Enforcement program. These fees are used to pay the salary of the hearing officer appointed by the judges of the Fifth Judicial District to hear support and support related matters and well as other expenditures incurred in connection with the implementation of this procedure.

Families in Need of Services (FINS)

The Families in Need of Services (FINS) Fund consists of a state grant funded by the Louisiana Department of Social Services. The purpose of the fund is to intervene in a family's life so that appropriate services to remedy the family's dysfunction can be secured and to establish a family service plan binding upon all family members and the appropriate service providers.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. 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

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds 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). 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 district 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

Fees, charges, and commissions for services are recorded when the district is entitled to the funds.

Fines and forfeitures are recorded in the year they are collected by the tax collector.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded in the month earned and credited to the account.

Substantially all other revenues are recorded when they become available.

Based on the above criteria, fees, charges, and commissions for services and fines and forfeitures have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

Other Financing Sources (Uses)

Transfers between funds which are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

E. CASH AND CASH EQUIVALENTS

Under state law, the district may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the district has cash and cash equivalents (book balances) totaling \$313,192.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These deposits are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash (bank balances) at December 31, 2017, total \$323,025 and are fully secured by federal deposit insurance and pledged securities.

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The district maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the district, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|----------------------------|
| Buildings and building improvements | 20 - 40 years |
| Furniture and fixtures | 5 - 10 years |
| Vehicles | 5 - 15 years |
| Equipment | 5 - 20 years |

G. ANNUAL AND SICK LEAVE

The Fifth Judicial District - Judicial Expense Fund has no annual and sick leave policy.

H. RISK MANAGEMENT

The court is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the court maintains commercial insurance policies covering automobiles, workmen's compensation and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2017.

I. PENSION PLANS

The Fifth Judicial District - Judicial Expense Fund is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 4. 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 each of the plans, and additions to/deductions for 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 have been reported at fair value within the plan.

2. RECEIVABLES

The following is a summary of receivables at December 31, 2017:

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| <u>Class of Receivable</u> | |
|--|------------------------|
| State grants | \$8,168 |
| Local funds | 11907 |
| Fees, charges, and commissions for services: | |
| Filing fees | 1,800 |
| Court costs | <u>2,892</u> |
| Total | <u><u>\$24,767</u></u> |

3. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings and equipment follows:

| | |
|-------------------------------|-----------------------|
| Balance, December 31, 2016 | \$83,601 |
| Additions | NONE |
| Deletions | <u>NONE</u> |
| Balance, December 31, 2017 | 83,601 |
| Less accumulated depreciation | <u>(79,708)</u> |
| Net Capital Assets | <u><u>\$3,893</u></u> |

4. NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY INFORMATION FOR A COST-SHARING EMPLOYER

Parochial Employees' Retirement System of Louisiana (System)

The Fifth Judicial District - Judicial Expense Fund contributes to the Parochial Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. All permanent employees working at least 28 hours per week are eligible to participate in the System. As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join PERS. Section 1901 through 2025 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:1901-2025) and other general laws of the State of Louisiana govern PERS.

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the police jury are members of Plan A.

Any member of Plan A who was hired prior to January 1, 2007, can retire providing he/she meets one of the following criteria:

1. Any age after 30 years of creditable service.
2. Age 55 after 25 years of creditable service.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

3. Age 60 after 10 years of creditable service.
4. Age 65 after seven years creditable service.

Eligibility for retirement for Plan A members hired on or after January 1, 2007 is as follows:

1. Age 55 after 30 years of creditable service.
2. Age 62 after 10 years of creditable service.
3. Age 67 after seven years of creditable service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended December 31, 2017, the Fifth Judicial District - Judicial Expense Fund's total payroll for all employees was \$317,887. Total covered payroll was \$185,806. Covered payroll refers to all compensation paid by the Fifth Judicial District - Judicial Expense Fund to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Parochial Employees Retirement System of Louisiana, 7509 Wrenwood Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 928-1361, or by visiting the System's website www.persla.org.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended December 31, 2017, the actual employer contribution rate was 12.5% for Plan A, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Fifth Judicial District - Judicial Expense Fund to the System monthly. The Fifth Judicial District - Judicial Expense Fund's contributions to the System under Plan A for the year ending December 31, 2017 were \$23,226.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the Employer reported a liability of \$71,599 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Fifth Judicial District - Judicial Expense Fund's proportion of the Net Pension Liability was based on a projection of the Judicial Expense Fund's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2016, the Judicial Expense Fund portion was 0.034765%, which was an increase of 0.000018% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Fifth Judicial District - Judicial Expense Fund recognized pension expense of \$23,226 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$19,280. Total pension expense for the Fifth Judicial District - Judicial Expense Fund for the year ended December 31, 2016 was \$42,506.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Beginning balance | \$131,117 | \$14,907 |
| Change in system deferred outflows and inflows | (35,024) | (2,022) |
| Changes in proportionate share | 0 | |
| Difference between actual contributions and proportionate share of contributions | | 93 |
| Contributions for measurement period | (26,803) | |
| Contributions subsequent to the measurement date | 23,226 | |
| Total | \$92,516 | \$12,978 |

The \$23,226 reported as deferred outflows of resources related to pensions resulting from the Fifth Judicial District - Judicial Expense Fund contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| Year ended December 31, | |
|-------------------------|-----------|
| 2017 | \$20,972 |
| 2018 | \$22,398 |
| 2019 | \$14,631 |
| 2020 | (\$1,503) |

Actuarial Assumptions

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

| | |
|----------------------------------|--|
| Valuation Date | December 31, 2016 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.00%, per annum |
| Salary increases | 5.25% (2.75% merit, 2.5% inflation) |
| Inflation rate | 2.5%, per annum |
| Mortality rates | RP-2000 Employees Sex Distinct Table for Employees RP-2000 Healthy Annuitant Sex Distinct Table annuitants and beneficiaries RP-2000 Disabled Lives Mortality Tables for disabled annuitants |
| Expected remaining service lives | 4 years for Plan A |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|--|
| Fixed income | 35% | 1.24% |
| Equity | 52% | 3.63% |
| Alternatives | 11% | 0.67% |
| Real Assets | 2% | 0.12% |
| Totals | 100% | 5.66% |
| Inflation | | 2.00% |
| Expected arithmetic nominal return | | 7.66% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Fifth Judicial District - Judicial Expense Fund's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Fifth Judicial District - Judicial Expense Fund's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Judicial Expense Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| | 1.0% Decrease (6.00%) | Current Discount Rate (7.00%) | 1.0% Increase (8.00%) |
|---|--------------------------|-------------------------------------|--------------------------|
| Employer's proportionate share of net pension liability | \$214,181 | \$71,599 | (\$48,959) |

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Parochial Employees' Retirement System of Louisiana Audit Report at www.persla.org.

Louisiana Employees' Retirement System (LSERS)

The Louisiana Employees' Retirement System (LASERS or the System) is the administrator of 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 eligible state officers, employees, and their beneficiaries.

Summary of Significant Accounting Policies.

The Louisiana Employees' Retirement System prepares its employer pension schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

The System's employer pension schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
And West Carroll, Louisiana
Notes to the Financial Statements (Continued)

assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

Plan Description.

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The following is a description of the plan and its benefits and is provided for general information only.

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of service depending on their plan. Additionally, members may choose to retire with 20 years of 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 years of creditable service.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. Regular members are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 months of employment. Members in the regular plan will receive a 2.5% accrual rate.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. Access to the report can be found on the System's website: www.lasers.net or on the Office of Louisiana Legislative Auditor's website, www.lla.la.gov.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Fifth Judicial District - Judicial Expense Fund reported a liability of \$246,711 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Fifth Judicial District - Judicial Expense Funds' proportion of the net pension liability was based on a projection of the Fifth Judicial District - Judicial Expense Funds' long-term share of contributions to the pension plan relative to the projected contributions of all participating employers', actuarially determined. At June 30, 2017, the Fifth Judicial District - Judicial Expense Funds' proportion was .00351 percent, which was an increase of .00003 from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Fifth Judicial District - Judicial Expense Fund recognized pension expense of \$26,358. At December 31, 2017, the Fifth Judicial District - Judicial Expense Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Beginning balance | \$92,000 | (\$20,491) |
| Change in system deferred outflows and inflows of resources | (26,941) | 7,046 |
| Changes in proportionate share | (18,993) | |
| Differences between Fifth Judicial District - Judicial Expense Fund contributions and proportionate share of contributions | | 230 |
| Contributions for measurement period | (11,696) | |
| Fifth Judicial District - Judicial Expense Fund contributions subsequent to the measurement date | 12,383 | |
| Total | \$46,753 | (\$13,215) |

\$12,383 reported as deferred outflows of resources related to pensions resulting from the Fifth Judicial District - Judicial Expense Funds' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| Year ended December 31: | |
|----------------------------|---------|
| 2017 | (\$991) |
| 2018 | 7,217 |
| 2019 | 3,210 |
| 2020 | (4,967) |

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|----------------------------------|
| Inflation | 2.75% |
| Salary increases | Range of 3.8% to 12.8% |
| Investment rate of return | 7.70%, net of investment expense |

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Mortality rates based on the RP-2000 Disabled Retiree Mortality Table was selected for disabled annuitants with no projection for mortality improvement.

The discounted rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the systems actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Sensitivity of the Commissions' proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.70%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 And West Carroll, Louisiana
 Notes to the Financial Statements (Continued)

| | 1% Decrease (6.70%) | Current Discount Rate (7.70%) | 1% Increase (8.70%) |
|---|------------------------------------|--|------------------------------------|
| Commissions' proportionate share of the net pension liability | \$309,718 | \$246,711 | \$193,140 |

5. LITIGATION AND CLAIMS

The Fifth Judicial District - Judicial Expense Fund is not involved in any litigation at December 31, 2017, nor is it aware of any unasserted claims.

6. EXPENDITURES OF THE FIFTH JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Fifth Judicial District - Judicial Expense Fund's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Franklin Parish Police Jury.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the Year Ended December 31, 2017

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL (BUDGETARY BASIS) | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------|------------------|--------------------------------|--|
| REVENUES | | | | |
| Federal funds | | \$1,762 | \$1,762 | |
| Fees, charges and commissions for services- court costs | \$344,000 | 304,581 | 309,155 | \$4,574 |
| Filing fees | 21,000 | 23,235 | 24,135 | 900 |
| Use of money and property - interest earnings | 198 | 894 | 896 | 2 |
| Other revenues | 217 | | 5,777 | 5,777 |
| Total revenues | <u>365,415</u> | <u>330,472</u> | <u>341,725</u> | <u>11,253</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government - judicial: | | | | |
| Personal services and related benefits | 362,990 | 349,673 | 343,893 | 5,780 |
| Operating services | 51,100 | 48,551 | 49,545 | (994) |
| Materials and supplies | 4,250 | 2,238 | 2,181 | 57 |
| Travel and other charges | 10,000 | 8,778 | 8,608 | 170 |
| Capital outlay | 4,250 | | | |
| Total expenditures | <u>432,590</u> | <u>409,240</u> | <u>404,227</u> | <u>5,013</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (67,175) | (78,768) | (62,502) | 16,266 |
| OTHER FINANCING SOURCE (Use) | | | | |
| Operating transfers in | | 43,557 | 34,185 | (9,372) |
| Operating transfers out | (10,000) | (5,000) | (5,000) | |
| Total other financing source (use) | <u>(10,000)</u> | <u>38,557</u> | <u>29,185</u> | <u>(9,372)</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE | (77,175) | (40,211) | (33,317) | 6,894 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>334,264</u> | <u>314,114</u> | <u>313,185</u> | <u>(929)</u> |
| FUND BALANCE AT END OF YEAR | <u>\$257,089</u> | <u>\$273,903</u> | <u>\$279,868</u> | <u>\$5,965</u> |

See accompanying note to budgetary comparison schedule.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

BUDGETARY COMPARISON SCHEDULE
 HEARING OFFICER FUND
 For the Year Ended December 31, 2017

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL (BUDGETARY BASIS) | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|--------------------|-----------------|--------------------------------|--|
| REVENUES | | | | |
| Fees, charges, and commissions for services | | | | |
| - court costs | \$103,000 | \$94,556 | \$112,582 | \$18,026 |
| Use of money and property - | | | | |
| interest earnings | 25 | 79 | 82 | 3 |
| Total revenues | <u>103,025</u> | <u>94,635</u> | <u>112,664</u> | <u>18,029</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government - judicial: | | | | |
| Personal services and related benefits | 101,802 | 102,070 | 102,069 | 1 |
| Operating services | 4,400 | 4,322 | 4,089 | 233 |
| Materials and supplies | 1,950 | 730 | 671 | 59 |
| Travel and other charges | 7,000 | 6,887 | 6,470 | 417 |
| Capital outlay | 1,000 | | | |
| Total expenditures | <u>116,152</u> | <u>114,009</u> | <u>113,299</u> | <u>710</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (13,127) | (19,374) | (635) | 18,739 |
| OTHER FINANCING SOURCE | | | | |
| Operating transfer in | | 20,133 | | (20,133) |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES | <u>(13,127)</u> | <u>759</u> | <u>(635)</u> | <u>(1,394)</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>22,472</u> | <u>16,256</u> | <u>32,241</u> | <u>15,985</u> |
| FUND BALANCE AT END OF YEAR | <u>\$9,345</u> | <u>\$17,015</u> | <u>\$31,606</u> | <u>\$14,591</u> |

See accompanying note to budgetary comparison schedule.

FIFTH JUDICIAL DISTRICT -
 JUDICIAL EXPENSE FUND
 Parishes of Franklin, Richland,
 and West Carroll, Louisiana

BUDGETARY COMPARISON SCHEDULE
 FINS FUND
 For the Year Ended December 31, 2017

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL (BUDGETARY BASIS) | VARIANCE FAVORABLE (UNFAVORABLE) |
|---|-----------------------|-----------------------|--------------------------------|--|
| REVENUES | | | | |
| State funds | \$36,636 | \$36,636 | \$36,636 | |
| Use of money and property - interest earnings | 4 | 2 | 3 | \$1 |
| Total revenues | <u>36,640</u> | <u>36,638</u> | <u>36,639</u> | <u>1</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government - judicial: | | | | |
| Materials and supplies | 6,500 | 2,100 | 1,490 | 610 |
| Travel and other charges | 500 | 5,118 | 5,437 | (319) |
| Total expenditures | <u>7,000</u> | <u>7,218</u> | <u>6,927</u> | <u>291</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | 29,640 | 29,420 | 29,712 | 292 |
| OTHER FINANCING SOURCE | | | | |
| Operating transfer in | 10,000 | 5,000 | 5,000 | |
| Operating transfer out | (45,000) | (34,904) | (34,185) | (719) |
| Total other financing source (use) | <u>(35,000)</u> | <u>(29,904)</u> | <u>(29,185)</u> | <u>(719)</u> |
| EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE | <u>(5,360)</u> | <u>(484)</u> | <u>527</u> | <u>(427)</u> |
| FUND BALANCE AT BEGINNING OF YEAR | <u>11,029</u> | <u>6,297</u> | <u>5,632</u> | <u>(665)</u> |
| FUND BALANCE AT END OF YEAR | <u><u>\$5,669</u></u> | <u><u>\$5,813</u></u> | <u><u>\$6,159</u></u> | <u><u>(\$1,092)</u></u> |

See accompanying note to budgetary comparison schedule.

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2017

A proposed budget, prepared on the modified accrual basis of accounting, is posted at the courthouse at least ten days prior to the public hearing. A public hearing is held at the Fifth Judicial District - Judicial Expense Fund's office during the month of December for comments from taxpayers. The budget is then legally adopted by the district and amended during the year, as necessary. The budget is established and controlled by the district at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and subsequent amendments.

**Fifth Judicial District-
Judicial Expense Fund
Parochial Employment Retirement System
Schedule of Employer's Share of Net Pension Liability
December 31, 2017**

| Actuarial Valuation Date | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|---|--|--|---|--|
| December 31, 2014 | 0.034783% | \$9,159 | \$199,433 | 4.59% | 99.15% |
| December 31, 2015 | 0.033499% | \$91,559 | \$206,176 | 44.41% | 92.23% |
| December 31, 2016 | 0.034765% | \$71,599 | \$185,806 | 38.53% | 94.15% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Fifth Judicial District-
Judicial Expense Fund
Louisiana Employees' Retirement System
Schedule of Employer's Share of Net Pension Liability
December 31, 2017**

| Actuarial Valuation Date | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--------------------------------|---|--|--|---|--|
| June 30, 2015 | 0.003430% | \$198,101 | \$64,440 | 307.42% | 62.70% |
| June 30, 2016 | 0.003475% | \$272,876 | \$65,343 | 417.61% | 57.70% |
| June 30, 2017 | 0.003505% | \$146,711 | \$65,343 | 224.52% | 62.50% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Fifth Judicial District-
Judicial Expense Fund
Parochial Employee Retirement System
Schedule of Employer Contributions
December 31, 2017**

| Actuarial Valuation Date | Contractually Required Contribution | Contributions in Relations to Contractual Required Contributions | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------------|---|--|--|--|--|
| December 31, 2014 | \$28,918 | \$28,918 | \$0 | \$199,433 | 14.50% |
| December 31, 2015 | \$26,803 | \$26,803 | \$0 | \$206,176 | 13.00% |
| December 31, 2016 | \$23,226 | \$23,226 | \$0 | \$185,806 | 12.50% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Fifth Judicial District-
Judicial Expense Fund
Louisiana Employees' Retirement System
Schedule of Employer Contributions
December 31, 2017**

| Actuarial Valuation Date | Contractually Required Contribution | Contributions in Relations to Contractual Required Contributions | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------------|---|--|--|--|--|
| June 30, 2015 | \$23,536 | \$23,536 | \$0 | \$63,440 | 37.10% |
| June 30, 2016 | \$23,850 | \$23,850 | \$0 | \$65,343 | 36.50% |
| June 30, 2017 | \$23,226 | \$23,226 | \$0 | \$65,343 | 62.50% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Other Supplemental Schedules

FIFTH JUDICIAL DISTRICT-
JUDICIAL EXPENSE FUND

Winnsboro, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended December 31, 2017

JAMES STEPHENS, CHIEF JUDGE (January 1, 2017 thru September 30, 2017)

| <u>PURPOSE</u> | <u>AMOUNT</u> |
|------------------------------------|---------------|
| Car Allowance | \$5,400 |
| Insurance - professional liability | 1,728 |
| Other reimbursements - cell phone | 1,257 |

STEVE DEAN, CHIEF JUDGE (October 1, 2017 thru December 31, 2017)

| <u>PURPOSE</u> | <u>AMOUNT</u> |
|----------------|---------------|
| Car Allowance | \$1,800 |

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**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 *Government Auditing Standards***

HONORABLE STEPHEN DEAN, GLEN ROBERTS,
TERRY DOUGHTY, AND JAMES STEPHENS,
JUDGES OF THE FIFTH JUDICIAL DISTRICT
Parishes of Franklin, Richland, and West Carroll, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Fifth Judicial District - Judicial Expense Fund, a component unit of the Franklin, Richland, and West Carroll Parish Police Juries, as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the Fifth Judicial District - Judicial Expense Fund's basic financial statements, and have issued my report thereon dated June 14, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Fifth Judicial District - Judicial Expense Fund's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Judicial District - Judicial Expense Fund's internal control. Accordingly, I do not express an opinion on the effectiveness of the Fifth Judicial District - Judicial Expense Fund's internal control.

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

FIFTH JUDICIAL DISTRICT -
JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland,
and West Carroll, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
December 31, 2017

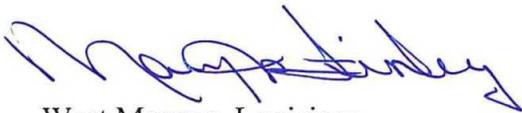
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Fifth Judicial District - Judicial Expense Fund's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fifth Judicial District - Judicial Expense Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fifth Judicial District - Judicial Expense Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana
June 14, 2018

FIFTH JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland, and West Carroll, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Fifth Judicial District - Judicial Expense Fund.
2. No instances of noncompliance material to the financial statements of the Fifth Judicial District - Judicial Expense Fund were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FIFTH JUDICIAL DISTRICT - JUDICIAL EXPENSE FUND
Parishes of Franklin, Richland, and West Carroll, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2017

There were no findings reported in the audit report for the year ended December 31, 2016.

Independent Accountant's Report
on Applying Agreed-Upon Procedures

Fifth Judicial District -
Judicial Expense Fund
2768 Maple Street
Winnsboro, LA 71295

To the Fifth Judicial District Judicial Expense's Office

I have performed the procedures enumerated below, which were agreed to by the management of the Fifth Judicial District Judicial Expense's Office and the Louisiana Legislative Auditor, State of Louisiana, on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. Management of Fifth Judicial District Judicial Expense's Office 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

AGREED-UPON PROCEDURES

1. WRITTEN POLICIES AND PROCEDURES

- A. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

The fiscal officer gave me a policy and procedures manual to test against the agreed upon procedures.

- B. Budgeting, including preparing, adopting, monitoring, and amending the budget.

The budgeting policy and procedure is in compliance with the agreed upon procedures guidelines.

- C. 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.

The purchasing policies and procedures are not in compliance with the agreed upon procedures guidelines. The fiscal officer initiates all purchases other than major purchases and the judges approve all purchases. The Judicial Expense does not use purchase orders or requisitions. The policy and procedures outlines any purchases requiring compliance with the bid law.

- D. Disbursements, including processing, reviewing, and approving

The purchasing policies and procedures are not in compliance with the agreed upon procedures guidelines. The fiscal officer initiates all purchases, then writes the checks and signs them. The judges are given a print out of all checks written for their review at each meeting. The fiscal officer opens the bank statements each month and reviews for unusual items, and then reconciles the bank statement.

- E. Receipts, including receiving, recording, and preparing deposits

The Judicial Expense Fund has a written policy and procedures for receipts, recording and preparing documents. The fiscal officer receives all checks, opens them and prepares and makes the deposits. The fiscal officer enters the deposit into the quickbooks accounting software. The fiscal officer reconciles the account. The Judicial Expense Fund is not in accordance with AUP guidelines. The probation officer in Rayville collects all probation fees. The rayville secretary opens all mail and gives to the probation officer. She prepares the deposit and enters each person on a spreadsheet. The money is deposited weekly by the probation officer. She gives the fiscal officer the receipt and the fiscal officer posts them in the quickbooks accounting software, At the end of the month the fiscal officer reconciles the bank accounts.

- F. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Judicial Expense Fund has policies and procedures pertaining to payroll/personnel. It addresses several areas such as leave time, holiday time, compensatory time. No one is responsible for tracking the leave time and other compensatory time. Each employee tracks their own time. The Judicial Expense Fund is not in compliance with the AUP guidelines.

- G. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The Judicial Expense Fund has written policies and procedures concerning contracting. The Judicial Expense Fund is in compliance with the AUP guidelines.

- H. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Judicial Expense Fund has a written policies and procedures addressing credit cards. The Judicial Expense Fund does not have any credit cards during the test period.

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

The Judicial Expense Fund has policies and procedures in place to cover the above categories. The Judicial Expense Fund is in compliance with the AUP guidelines.

- J. 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. Note: Ethics requirements are not applicable to nonprofits.

The Judicial Expense Fund has ethics policies and procedures in place. All employees are required to take the online ethics course. The Judicial Expense Fund is in compliance with the AUP guidelines.

- K. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Judicial Expense Fund has a written policies and procedures in place for debt service. At this time, the Judicial Expense Fund has no outstanding debt. The Judicial Expense Fund is in compliance with the AUP guidelines.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The judges for the 5th Judicial District meets quarterly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- ▶ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The fiscal officer prepares the financial statements and presents budget to actual comparisons at each meeting.

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

Non-budgetary financial information is also presented at meetings.

BANK RECONCILIATIONS

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

The agency provided me with a certified list of all bank accounts.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

The agency had a total of 6 bank accounts, so a random sample of 5 bank accounts were selected to test the following:

- A) Bank reconciliations have been prepared;

For the 5 bank accounts selected above, all were reconciled each month for the period tested.

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

For the 5 bank accounts selected above, it was determined that the 5 bank reconciliations are performed by the fiscal officer.

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

For the 5 bank accounts selected above, none of the accounts had outstanding reconciling items over six months.

COLLECTIONS

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

Agency provided me with a certified list of collection locations and I verified that it was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

The agency has 2 collection locations. All were selected for testing for the following:

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

The fiscal officer at the Winnsboro location of the Judicial Expense office has surety bonds that covers her, all other employees are not covered by employee theft. The agency has 2 cash drawers. The secretary in Rayville receives the probation payments and gives them to the probation officer who makes the deposits and then gives to the fiscal officer in the Winnsboro office who posts the receipts to the accounting software. At the end of the month the fiscal officer reconciles the bank accounts.

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

The checks are deposited when received. The deposit is made by the fiscal officer once a week. The deposit is posted to the accounting system when deposit slip is received by the fiscal officer.

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

The agency provided a certified list of the highest (dollar) week of cash collections for each collection location. We verified the highest week was January 8, 2017 thru January 14, 2017, which was tested for the following:

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

The only fund the agency has was tested for deposits of collections. For the week tested, daily deposits were not made. Cash received is deposited twice a month.

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

The funds of the judicial expense were tested for deposits of collections. All collections for the week tested had proper documentation. Deposits are made on Fridays.

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

The agency has a written policies or procedures to determine completeness of collections or revenue sources.

DISBURSEMENTS-GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/P-CARD PURCHASES OR PAYMENTS)

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

Agency provided a complete year to date general ledger for all funds and represented that the general ledgers were complete.

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

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

The Judicial Expense Fund does not use purchase orders or requisitions.

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

The Judicial Expense Fund does not use purchase orders or requisitions. The fiscal officer initiates and approves all purchases, except for major purchases, which are approved by the judges.

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

Of the disbursements selected to be tested, all were processed with all of the required support. The Judicial Expense Fund did not use purchase orders or requisitions.

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

5th Judicial Expense Fund uses Quickbooks software which does not allow them to restrict any user from adding vendors.

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

The fiscal officer initiates all checks and signs all checks. The fiscal officer reconciles all of the bank accounts.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those person that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed

on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The unused checks are stored in a secure location, but are not restricted to the employees with signatory authority.

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

The 5th Judicial District Expense does not use a signature check stamp.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

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

The Judicial Expense Fund does not have any active credit cards, fuel cards, etc.

15. Using the listing prepared by management, randomly select 10 cards, (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

From the list in #14, 3 cards were randomly selected to test the following (the Judicial Expense does not have any credit cards):

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

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

The Judicial Expense Fund does not have any credit cards.

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

The Judicial Expense Fund does not have any credit cards.

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

- A) For each transaction, report whether the transaction is supported by:

- ▶ An original itemized receipt (i.e., identifies precisely what was purchased)

The Judicial Expense Fund does not have any credit cards.

- ▶ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

The Judicial Expense Fund does not have any credit cards.

- ▶ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The Judicial Expense Fund does not have any credit cards.

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

The Judicial Expense Fund does not have any credit cards.

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

The Judicial Expense Fund does not have any credit cards.

TRAVEL AND EXPENSE REIMBURSEMENT

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

The agency provided me with a certified list of employees who received travel or related expense reimbursements during the testing period.

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

Agency has written policy and procedures for travel. The 3 employees selected that were paid the highest amount for travel or related expenses during the test period were tested against the written policies and procedures. No exceptions noted.

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

The 3 employees with the travel costs during the test period were selected and tested for the following:

The Judge travel costs were tested against the written policies and procedures - no exceptions noted.

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

The agency has written policies or procedures for travel and the 3 employees that received the highest reimbursements for travel and related were tested against the policy - no exceptions noted.

- B) Report whether each expense is supported by:

- ▶ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

The 3 employees that received travel and related reimbursements during the test period were tested against the travel and related policies - no exceptions noted.

- ▶ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The 3 employees that received travel and related reimbursements during the test period were tested against the agency policies and procedures - no exceptions noted.

- ▶ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation is required by the agency for travel reimbursements.

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

No violations of Article 7 Section 14 were noted during testing.

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

All employees that received any travel or related expense reimbursements during the test period were approved by the judge.

CONTRACTS

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

Agency provided a certified list of all contracts in effect during the test period.

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

The 3 contracts that were paid the most money were selected from the list of contracts from #20 and tested for the following:

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

Agency has a formal/written contract for all selected to be tested.

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

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

For the contracts tested, none of them required compliance with the public bid law. The agency did solicit quotes to get the best deal for the Judicial Expense Fund.

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

The contracts selected was not amended.

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

The contract payments that were tested were in compliance with the contract terms and conditions.

E) Obtain/review contract documentation and board minutes and report whether there is a documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This is not applicable to the Judicial Expense Fund.

PAYROLL AND PERSONNEL

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

Agency provided a certified list of all employees with their authorized salaries. Five employees were selected to test the following:

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

The 5 employees of the Judicial Expense Fund that were chosen to be tested were paid in accordance with the terms and conditions of their employment.

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

All changes to the salaries of the 5 employees chosen were approved by the judges in writing.

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

- A) Report whether all selected employees/official 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.)

Of the 5 employees selected, all employees that are eligible to earn leave time documented their daily attendance. The agency does not track leave time earned and used. The employees are allowed to accumulate sick leave time and carry forward, but are not compensated upon termination.

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

Of the 5 employees that were selected, the judges approved the employees attendance and leave time.

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

The agency does not track leave time. Employees are allowed to carry over time, but are not compensated upon termination.

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

The agency provided a certified list of employees terminated during the test period. There was 1 employee terminated during the test period. The employee was not paid any leave time upon termination.

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

During testing of the agency it was determined that the Judicial Expense Fund is submitting payroll tax, retirement contributions and required forms by the required deadlines.

ETHICS (EXCLUDING NONPROFITS)

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

Agency was unable to provide support for ethics training for the 5 randomly selected employees above.

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

There were no ethics violations reported to the Judicial Expense Fund during the test period.

DEBT SERVICE (EXCLUDING NONPROFIT)

The Judicial Expense Fund has no debt outstanding, therefore this section is not applicable.

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

The Judicial Expense Fund had no debt outstanding during the test period that required bond commission approval.

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

The Judicial Expense Fund has no debt outstanding during the test period.

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

The Judicial Expense Fund has no debt outstanding, therefore, this does not apply.

OTHER

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

The Judicial Expense Fund has no known misappropriation of funds during the test period.

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

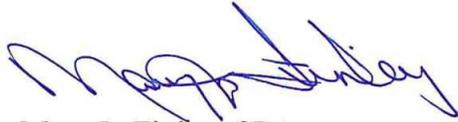
I observed the fraud hotline notice posted on the premises.

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

There were no other exceptions noted during procedures.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.



Mary Jo Finley, CPA

June 14, 2018



STEPHEN G. DEAN
JUDGE DIVISION C

Fifth Judicial District Court

STATE OF LOUISIANA
PARISHES OF FRANKLIN, RICHLAND AND WEST CARROLL

FRANKLIN PARISH COURTHOUSE
6566 MAIN STREET, 2ND FLOOR
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sdean@5jdc.us

June 26, 2018

Louisiana Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

Re: 2017 Application of Agreed-Upon Procedures

Dear Sir:

We respond to the application of the AUPs as follows, to-wit:

- 1.C.D. Due to the size of the agency, written policies and procedures were in place for the AUP testing period. As fiscal officer, I make all purchases, however, the judges review on a quarterly basis. Any large purchases are immediately approved by the judges.
- 1.E. Due to the size of the office, the fiscal officer collects, deposits, posts, and reconciles all of the accounts. The judges review on a quarterly basis.
- 1.F. Employees document leave on time sheets, but no one has a schedule tracking it. In the future, we will look in to tracking each employees time.
- 4.B. Written policies and procedures were in place for the AUP testing period. Bank statements for the Fifth Judicial District Court are reconciled by the fiscal officer each month. Bank statements for the Fifth Judicial District Court are reconciled by the fiscal officer each month. Once the reconciliations are completed, they are maintained on file for subsequent review by judges and audit.
- 6.A.B.C. The fiscal officer at the Franklin Parish Judge's Office has a surety bond coverage. She opens all the mail at the Franklin Parish office. Any funds

received are placed in a drawer until deposited. She posts all payments to the accounting software and faxes a copy of fees paid to the Hearing Officer Conferences to the secretary at the Richland Parish Judge's Office, who marks conferences that are paid. The Franklin Parish fiscal officer then makes the deposits on a weekly/semi-monthly basis.

The secretary at the Richland Parish Judge's Office picks up all mail at the Rayville Post Office. Any mail addressed to the Fifth District Probation Office is handed directly to the probation officer, who opens all mail and receives all payments directly. She also accepts payments from individuals who pay at the probation office. The probation officer gives receipts to any probationer paying with cash. Once payments are collected, they are immediately entered into the computer through an Excel program and then placed in a money bag inside a filing cabinet until deposited. Deposits are made on a weekly or semi-monthly basis. The probation officer then faxes a copy of the deposit slips to the secretary at the Franklin Parish Judge's Office who records all deposits in Quickbooks system. All deposits and supporting documentation are reviewed by the fiscal officer to ensure accuracy.

At the end of the month the fiscal officer reconciles the bank accounts.

- 9.B. Purchase orders are not used by the Fifth District Judge's Office. As chief judge, he is ultimately responsible for all major purchases and fiscal officer is responsible for all other purchases.
10. The Fifth District Judge's Office uses Quickbooks which does not have restraints on adding vendors. The judge's office is solely responsible for the adding of any vendors and is ultimately responsible for the approval of all purchasing/disbursement in this office and does not relinquish control of this authority to any other employee of the Fifth District Judge's Office.
11. As fiscal officer, I am ultimately responsible for all financial aspects of the judge's office, including the initiating and recording of all purchases, as well as signatory authority. The fiscal officer at the Fifth District Judge's Office reconciles the bank statements. Quarterly all financial information is reviewed by the judges.
12. Bank/unused checks are maintained under lock and access to checks is restricted to only the judge and the fiscal officer. They are solely responsible for the blank/unused checks. The judge does not relinquish this control to any other employee.

Page 3
June 26, 2018

- 23.C. Employees document leave on time sheets, but no one has a schedule tracking it. In the future, we will look in to tracking each employees time.
26. In the future, all employees will receive ethics training every year. Due to the fact that two of our judges retired and/or received new positions, and some of our secretaries received new positions, not everyone received the training in 2017.

Should you have any questions, please do not hesitate to call me.

Sincerely,

A handwritten signature in cursive script that reads "Stephen G. Dean". The signature is written in black ink and is positioned above the typed name.

STEPHEN G. DEAN
FIFTH DISTRICT JUDGE