

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE,
& WEST BATON ROUGE, LOUISIANA**

**FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, &
WEST BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
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JUNE 30, 2019

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EIGHTEENTH JUDICIAL DISTRICT COURT
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Honorable Judges
Eighteenth Judicial District Court
Parishes of Iberville, Pointe Coupee, & West Baton Rouge, Louisiana

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Eighteenth Judicial District Court as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Eighteenth Judicial District Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Eighteenth Judicial District Court as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 43 through 47, Schedule of District's Proportionate Share of the Net Pension Liability on page 48, and Schedule of Eighteenth Judicial District Court's Pension Contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Eighteenth Judicial District Court's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 by us and other auditors. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019 on our consideration of the Eighteenth Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Eighteenth District Court's internal control over financial reporting and compliance.

Baxley & Associates, LLC

Plaquemine, Louisiana
November 5, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 589,552
Investments	542,173
Other receivables	230
Due from other governmental units	103,257
Prepaid expenses	11,363
Non-current Assets:	
Capital assets, net of accumulated depreciation	5,102
Total Assets	<u>1,251,677</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	<u>406,705</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	6,140
Accrued expenses	52,411
Due to other governmental units	34,300
Non-current Liabilities:	
Fines and restitutions payable	36,209
Accrued compensated absences	52,553
Net Pension liability	1,364,494
Total Liabilities	<u>1,546,107</u>
DEFERRED INFLOWS OF RESOURCES	
Pension Related	<u>320,856</u>
NET POSITION	
Invested in capital assets, net of related debt	5,102
Restricted for:	
Probation fund	913,070
Drug court	8,200
Unrestricted	<u>(1,134,953)</u>
Total Net Position	<u>\$ (208,581)</u>

The accompanying notes are an integral part of the basic financial statements.

**EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Revenues			Net (Expenses) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Government Activities				
General Government	\$ 1,524,587	\$ 1,229,366	\$ 503,235	\$ 208,014
Total Governmental Activities	<u>\$ 1,524,587</u>	<u>\$ 1,229,366</u>	<u>\$ 503,235</u>	<u>\$ 208,014</u>
General Revenues:				
Other revenues				148,116
Total General Revenues				<u>148,116</u>
Change in Net Position				356,130
Net Position - Beginning				(564,711)
Net Position - Ending				<u>\$ (208,581)</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

GENERAL FUND

The general fund is the primary operating fund that accounts for all financial resources, except those required to be accounted for in other funds. It is available for any purpose provided it is expended or transferred in accordance with state and federal laws and in accordance with the District Court policy.

SPECIAL REVENUE FUNDS

Probation Fund

The monies in this account are generated primarily from restitutions and fines. These funds are used to administer the Eighteenth Judicial District Court's Probation Department.

Hearing Officer Fund

The monies in this account are provided by the Department of Social Services. These funds are used to administer Family Court, divorce matters, child protection, and property matters.

Drug Court Fund

The monies in this account are primarily provided by the Louisiana Supreme Court. Some monies are also generated by fees that are collected. These funds are used to administer the Drug Court in Pointe Coupee Parish.

**EIGHTEENTH JUDICIAL DISTRICT COURT
COMBINED BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019**

	SPECIAL REVENUE FUNDS				Total Governmental Funds
	General Fund Judicial	Probation Fund	Hearing Officer Fund	Drug Court Fund	
ASSETS					
Cash and cash equivalents	\$ 288,532	\$ 289,053	\$ -	\$ 11,967	\$ 589,552
Investments	-	542,173	-	-	542,173
Prepaid expenses	5,128	6,235	-	-	11,363
Receivables:					
Due from other funds	4,685	132,453	80,325	-	217,463
Due from other governmental units	95,334	-	-	7,923	103,257
Other	230	-	-	-	230
TOTAL ASSETS	\$ 393,909	\$ 969,914	\$ 80,325	\$ 19,890	\$ 1,464,038
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	1,752	1,037	-	3,351	6,140
Due to other governmental units	34,300	-	-	-	34,300
Due to other funds	210,743	-	-	6,720	217,463
Other accrued liabilities	1,220	49,572	-	1,619	52,411
Total Liabilities	248,015	50,609	-	11,690	310,314
Fund Balances:					
Non-spendable	5,128	6,235	-	-	11,363
Restricted	-	913,070	-	8,200	921,270
Unassigned	140,766	-	80,325	-	221,091
Total Fund Balance	145,894	919,305	80,325	8,200	1,153,724
TOTAL LIABILITIES AND FUND BALANCE	\$ 393,909	\$ 969,914	\$ 80,325	\$ 19,890	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				\$	5,102
Certain long term assets are not reported in the fund financial statements because they are not available to pay certain expenses, but they are reported as assets in the statement of net position.					406,705
Fines and restitutions payable are not due and payable in the current period and, therefore, are not reported in the funds.					(36,209)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.					
Compensated absences					(52,553)
Net pension liability					(1,364,494)
Deferred inflows - pension related					(320,856)
Net position of governmental activities				\$	(208,581)

The accompanying notes are an integral part of the basic financial statements.

EXHIBIT D

**EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund Judicial	Major Special Revenue Fund Probation	Major Special Revenue Fund Hearing Officer	Major Special Revenue Fund Drug Court	Total Governmental Funds
REVENUES:					
Fees, charges, and commissions for services -					
Civil and criminal fees	\$ 504,650	\$ 714,026	\$ -	\$ 11,206	\$ 1,229,882
Federal, state, and parish appropriations	174,592	-	218,852	109,791	503,235
Other revenues	-	25,178	-	-	25,178
TOTAL REVENUES	679,242	739,204	218,852	120,997	1,758,295
EXPENDITURES:					
Current -					
General government:					
Personnel services and related benefits	496,534	219,302	180,393	65,842	962,071
Operating services	46,925	28,365	21,540	48,505	145,335
Materials and supplies	6,603	4,065	2,090	1,528	14,286
Other charges	-	354,000	-	-	354,000
Capital outlay	-	4,855	-	-	4,855
TOTAL EXPENDITURES	550,062	610,587	204,023	115,875	1,480,547
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	129,180	128,617	14,829	5,122	277,748
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET INCREASE (DECREASE) IN FUND BALANCES	129,180	128,617	14,829	5,122	277,748
FUND BALANCES, BEGINNING	16,714	790,688	65,496	3,078	875,976
FUND BALANCES, ENDING	\$ 145,894	\$ 919,305	\$ 80,325	\$ 8,200	\$ 1,153,724

The accompanying notes are an integral part of the basic financial statements.

**EIGHTEENTH JUDICIAL DISTRICT COURT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Net Change in fund balances - total governmental funds (page 11) \$ 277,748

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

Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.

Non-employer contributions to cost-sharing pension plan 122,938

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$4,855	(448)
Depreciation expense	(5,303)	

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Fines and restitutions		(516)
Pension expense		(40,718)
Compensated absences		(2,874)

Change in net position of governmental activities (page 7)	\$ 356,130
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**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The General Fund (Judicial Expense Fund) for the Eighteenth Judicial District Court (District Court) was created by LSA-RS 13:621.18 and 13:996.58, as having four judges. In general, the creating statutes provide that the judges of the District Court may levy court costs for operations of the Court. The amount of the costs levied cannot exceed the amount established by the creating statutes. Court costs are normally collected by the District Court and the Sheriff of each parish, remitted to the judges, and deposited to the Judicial Expense Fund. Expenditures for the fund are determined by the majority of the judges. Expenditures or expenses normally include materials and supplies, law library and resources, and salaries of those individuals appointed by the judges. The judges may appoint law clerks, court reporters, secretaries, research clerks, administrative staff, and other personnel as deemed necessary. The salaries of the judges cannot be paid from the Judicial Expense Fund.

The Judicial District Court encompasses the parishes of Iberville, Pointe Coupee, and West Baton Rouge, Louisiana, with courthouses in Plaquemine, New Roads, and Port Allen, respectively. The four judges are independently elected by the people.

FASB ASC Section 2100 – *Defining the Financial Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Judicial District Court is considered a component unit, since it is fiscally dependent on the parish police juries and council of Iberville, Pointe Coupee, and West Baton Rouge Parishes (the financial reporting entities). The parish police juries/council provide office space, courtrooms and related utility costs as well as partial funding of salary cost.

The accompanying financial statements present information only on the funds maintained by the Eighteenth Judicial District Court and do not present information on the parishes police juries and council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the Eighteenth Judicial District Court. Governmental activities, which normally are supported by court costs, fees, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Eighteenth Judicial District Court has no business-type activities.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The accounts of the Eighteenth Judicial District Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal requirements.

The various funds of the Eighteenth Judicial District Court are all classified as governmental. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the Eighteenth Judicial District Court or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Court costs, fees, and fines are recognized as revenues in the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded only when payment is due.

Court costs, fees, and fines associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Eighteenth Judicial District Court reports the following governmental funds:

The General Fund, as provided by Louisiana Revised Statute 13:621.18 and 13:996.58, is the Eighteenth Judicial District Court's primary operating fund and it accounts for all financial resources of the Eighteenth Judicial District Court, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the District Court's policy. This fund is considered to be a major fund.

Additionally, the Eighteenth Judicial District Court reports special revenue funds. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Eighteenth Judicial District Court has established major special revenue funds. The following is a brief description of each major special revenue fund's purpose:

Probation Fund – Used to account for funds, which are used to administer the Eighteenth Judicial District Court's Probation Department.

Hearing Officer Fund – Used to account for the funds to administer the Family Court, divorce matters, child protection, and property matters.

Drug Court Fund – Used to account for the funds to administer the Drug Court in Pointe Coupee Parish.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

All individual governmental funds are reported as separate columns in the fund financial statements.

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduced its related costs as a reimbursement. All other interfund transactions are treated as transfers.

Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements.

Balances between the funds included governmental activities (i.e. the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as gross amounts as due from/to other funds. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as due from/to other funds in the governmental activities' column.

Deposits and Investments

Cash and interest-bearing deposits are stated at cost, which approximates market. Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District Court's investment policy allow the entity to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Under State law, the Eighteenth Judicial District Court may invest in United States bonds, treasury notes or certificates, time certificates of deposit of State banks having their principal office in the State of Louisiana, or any other federally insured investment. In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, investments meeting the criteria specified in the Statements are stated at fair value. Investments that do not meet the requirements are stated at cost.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 72, *Fair Value Application and Measurement*, all investments are reported at fair value with gains and losses included in the statement of revenue and expenses.

The District Court categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the District Court has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Receivables and Payables

Receivables consist of all revenues earned at year-end and not yet received. Payables consist of all expenses/expenditures incurred at year-end and not yet paid. Payables also include fines and restitution that are considered a non-current liability on the Statement of Net Position.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more are reported at historical costs or estimated costs if historical cost is not available. Contributed assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Office Furniture	10 years
Computer Equipment	5 years
Other Machinery and Equipment	5 years

Compensated Absences

The Eighteenth Judicial District Court's recognition and measurement criterion for compensated absences is as follows:

FASB ASC C60 – *Compensated Absences* provided that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees, if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

FASB ASC C60 – *Compensated Absences* provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

The entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental funds.

The Eighteenth Judicial Court follows the vacation policy of the West Baton Rouge Parish Council. Employees can earn from two to five weeks of vacation per year depending on years of service. An employee resigning shall be compensated for vacation leave accumulated to the date of separation not to exceed three hundred (300) hours.

Employees do not receive monetary compensation for accumulated sick leave upon early termination of employment. However, if an employee works to retirement eligibility, this accumulated sick leave shall be combined with vacation leave to apply toward retirement years.

Net Position in the Government-Wide Financial Statements

In the government-wide financial statement of net position, the net position amount is classified and displayed in three components:

- a. Invested in capital assets – This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, constructions, or improvement of those capital assets.
- b. Restricted net position – This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – This component consists of all other net positions that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Eighteenth Judicial District Court's usual policy is to use restricted resources first to finance its activities.

Fund Equity – Fund Financial Statements

In the fund statements, governmental fund equity is classified as fund balance. The Eighteenth Judicial District Court elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (FASB ASC 1300 and 1800), in fiscal year 2011. This statement provides more clearly defined fund balance categories to make the nature and

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on the purpose for which resources can be used:

- a. **Nonspendable:** This classification includes amounts that cannot be spent, because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. Management classifies prepaid expenditures as being non-spendable as this item is not expected to be converted to cash.
- b. **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources or either:
 - a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - b. Imposed by law through constitutional provisions or enabling legislation.
- c. **Committed:** This classification includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Eighteenth Judicial District Court's Honorable Judges, which is the Eighteenth Judicial District Court's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Honorable Judges remove or change the specified use by taking the same type of action that was employed when the funds were initially committed.
- d. **Assigned:** This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by the Eighteenth Judicial District Court's Honorable Judges, who has the authority to assign amounts to be used for specific purposes. The Eighteenth Judicial District Court's management has not assigned any amount at year-end.
- e. **Unassigned:** This classification is the residual fund balance for the General Fund and Hearing Officer Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes within the General Fund.

As of June 30, 2019, fund balances are composed of the following:

	<u>General Fund</u>	<u>Major Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Non-Spendable:			
Prepaid Items	\$ 5,128	\$ 6,235	\$ 11,363
Restricted:			
Probation Fund	-	913,070	913,070
Drug Court Fund	-	8,200	8,200
Unassigned	140,766	80,325	221,091
Total Fund Balances	<u>\$ 145,894</u>	<u>\$ 1,007,830</u>	<u>\$ 1,153,724</u>

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Eighteenth Judicial District Court considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Eighteenth Judicial District Court considers amounts to have been spent first out of the committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Eighteenth Judicial District Court has provided otherwise in his commitment or assignment actions.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of accounts receivable. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Impact of Recently Issued Accounting Principles

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*. GASB No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011 and was implemented in fiscal year 2013. The adoption of GASB No. 62 did not have any impact on the Eighteenth Judicial District Court's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB No. 63 provides guidance for reporting deferred outflows resources of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes the following elements: assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011 and was implemented in fiscal year 2013. The adoption of GASB No. 63 did not have any impact on

**EIGHTEENTH JUDICIAL DISTRICT COURT
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NOTES TO FINANCIAL STATEMENTS**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES (continued)

the Eighteenth Judicial District Court's financial statements.

Pension Plans

The Eighteenth Judicial District Court is a participating employer in multiple cost-sharing, multiple-employer defined benefit pension plans as described in Note L. 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.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The District Court follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The budgetary calendar – The budget is adopted in early June.
- b. All budgetary appropriations (unexpended budget balances) lapse at the end of each fiscal year.
- c. There are no outstanding encumbrances.
- d. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Eighteenth Judicial District Court. Such amendments were not material in relation to the original appropriations.
- e. The District Court will, from time to time, make changes or amendments within the various budget classifications.

Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2019:

General Fund	\$ 129,180
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The excess expenditures for the General (Judicial Expense) was covered by available fund balances in the funds.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Under state law, the Eighteenth Judicial District Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Eighteenth Judicial District Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2019, the Eighteenth Judicial District Court had cash and interest-bearing deposits (book balances) totaling \$589,552 as follows:

	<u>General Fund</u>	<u>Probation</u>	<u>Drug Court</u>
Demand Deposits	\$ 288,532	\$ -	\$ 11,967
Interest-Bearing Demand Deposits	-	289,053	-
Total	<u>\$ 288,532</u>	<u>\$ 289,053</u>	<u>\$ 11,967</u>

Custodial Credit Risk Relating to Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Eighteenth Judicial District Court deposits might not be recovered. The Eighteenth Judicial District Court does not have a formal policy for custodial credit risk, however, 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 securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE C – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

At June 30, 2019, \$1,173,612 of the Eighteenth Judicial District Court's bank balances were secured through the Federal Deposit Insurance Corporation or pledged securities.

	Primary Government		
		Nonnegotiable Certificates of Deposit	
	Cash	Deposit	Total
Deposits per Balance Sheet (Reconciled bank balance)	<u>\$ 589,552</u>	<u>\$ 542,173</u>	<u>\$ 1,131,725</u>
Deposits in bank accounts per bank	<u>\$ 631,439</u>	<u>\$ 542,173</u>	<u>\$ 1,173,612</u>
Bank balances exposed to custodial credit risk:			
a. Uninsured and uncollateralized			<u>-</u>
b. Uninsured and collateralized with securities held by the pledging institution			<u>-</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name			<u>\$ 1,246,057</u>
Excess of FDIC insurance and pledged securities			<u>\$ 72,445</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertised and sell the pledged securities within 10 days of being notified by the Eighteenth Judicial District Court that the fiscal agent has failed to pay deposited funds upon demand.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE D – INVESTMENTS

The Eighteenth Judicial District Court can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The Eighteenth Judicial District Court's investments are categorized to give an indication of the level of risk assumed by it at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Eighteenth Judicial District Court or its agent in the Eighteenth Judicial District Court's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Eighteenth Judicial District Court's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Eighteenth Judicial District Court's name. At June 30, 2019, the District Court's investments totaled \$542,173 as follows:

Description	Interest	Maturity Dates	Category 1	Fair Value	Cost	Carrying Amount
	Rates					
Certificate of Deposits	.2-1.00	7-3-17 to 9-9-17	\$ 542,173	\$ 542,173	\$ 542,173	\$ 542,173

Investments:

Investments of the Eighteenth Judicial District Court consist of certificates of deposit. These securities are stated at their fair value as required by GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. The District used quoted market values to determine fair value of the investments.

Interest Rate Risk – The Eighteenth Judicial District Court has no formal investment policy but has adopted the state investment policy at LA RS 49:327. The District invests in investments with maturities limited to five-year as means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The Eighteenth Judicial District Court invests in certificates of deposits that are backed by FDIC and pledged securities, and U.S. government securities. The District has adopted the state investment policy at LA 49:327 and does not have any other policy that would further limit the investment choices. As of June 30, 2019, 100% of the District's investment balances were exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

Concentration of Credit Risk – The District places no limits on the amount they may invest in any one issuer.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE E – FAIR VALUE MEASUREMENTS

The following table sets forth by level within fair value hierarchy the District Court's assets at estimated fair values as of June 30, 2019:

	<u>Level 1</u>
Certificates of deposits	\$ 542,173

The District Court did not have level 2 or level 3 assets at June 30, 2019.

NOTE F – RECEIVABLES

Receivables are written-off under the direct write-off method; whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected, they are recorded as miscellaneous income. The direct charge off method is not a material departure from GAAP as it approximates the valuation method. At June 30, 2019, the receivables totaled \$103,487 (Due from other governmental units and Other receivables).

NOTE G – INTERFUND ACTIVITY

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Those receivables and payables are classified as due from other funds and due to other funds on the balance sheet. Such advances create short-term interfund loans. A summary of these interfund loans, at year-end, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Drug Court	\$ 4,685
Hearing officer	General	80,325
Probation Department	General	130,418
Probation Department	Drug Court	2,035
		<u>\$ 217,463</u>

NOTE H – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
Governmental Activities:				
Furniture, Equipment and Vehicles	\$ 51,009	\$ 4,855	\$ -	\$ 55,864
Less: Accumulated Depreciation	(45,459)	(5,303)	-	(50,762)
Net Capital Assets	<u>\$ 5,550</u>	<u>\$ (448)</u>	<u>\$ -</u>	<u>\$ 5,102</u>

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE H – CAPITAL ASSETS (continued)

Depreciation expense was charged to function(s) as follows:

Governmental Activities:

General Government	\$ 5,303
Total Governmental Activities Depreciation Expense	<u>\$ 5,303</u>

NOTE I – ACCOUNTS PAYABLE

The payables of \$58,551 at June 30, 2019 are as follows:

Accounts Payable	\$ 6,140
Accrued Wages	7,119
Other	45,292
Total	<u><u>\$ 58,551</u></u>

NOTE J – LONG-TERM OBLIGATIONS

A summary of long-term liability activity for the year ended is as follows:

	Balance 7/1/2018	Additions	Reductions	Balance 6/30/2019	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 49,679	\$ 2,874	\$ -	\$ 52,553	\$ -
Fines and Restitutions	35,697	512	-	36,209	-
Net Pension Liability	1,503,393	-	138,899	1,364,494	-
Total	<u><u>\$ 1,588,769</u></u>	<u><u>\$ 3,386</u></u>	<u><u>\$ 138,899</u></u>	<u><u>\$ 1,453,256</u></u>	<u><u>\$ -</u></u>

NOTE K – DEFERRED COMPENSATION PLAN

The Eighteenth Judicial District Court has a qualified deferred compensation plan under Section 457 of the Internal Revenue Code. The Eighteenth Judicial District Court does not report the deferred compensation plan in the general purpose financial statements. The District Court does not match the employee's deferred compensation amounts.

NOTE L – PENSION PLAN

The Eighteenth Judicial District Court's office implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting Related to Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement date – an Amendment to GASB 68. These standards require that the Eighteenth Judicial District Court's office to record its proportional share of each of the pension plans' Net Pension Liability and report the following disclosures:

Substantially all employees of the Eighteenth Judicial District Court are members of either, the Louisiana State Employees' Retirement System or the Parochial Employees' Retirement

**EIGHTEENTH JUDICIAL DISTRICT COURT
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NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

System of Louisiana. The systems are cost-sharing, multiple employer defined benefit pension plan administered by separate board of trustees. Pertinent information relative to each plan follows:

Louisiana State Employees' Retirement System

Plan Description:

Substantially all of the Judicial Expense Fund, Hearing Officer, and Drug Court employees participate in the Louisiana State Employees' Retirement System (LASERS), a multiple-employer, cost-sharing, defined benefit pension plan. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Retirement Benefits:

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. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. 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. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials received an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 on the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or 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 consecutive months of employment for all three new plans. Members in the regular plan will received a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years or creditable service and, may also retire at any age, with 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 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classifications but generally is ten years of service.

The minimum service requirement for benefits varies depending upon the member's employer and service classifications but generally is ten years of service.

Deferred Retirement Benefits:

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

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

Disability Benefits:

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor Benefits:

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

Permanent Benefit Increases/Cost of Living Adjustments:

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

Contributions:

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Legislature. Employee and employer contributions are deducted from the member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2018 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Appellate Law Clerks	Closed	7.5%	37.9%
Appellate Law Clerks hired on or after 7/1/06	Open	8.0%	37.9%
Alcohol Tobacco Control	Closed	9.0%	32.7%
Bridge Police	Closed	8.5%	36.5%
Bridge Police hired on or after 7/01/06	Closed	8.5%	36.5%
Corrections Primary	Closed	9.0%	33.2%
Corrections Secondary	Closed	9.0%	37.6%
Hazardous Duty	Open	9.5%	38.3%
Judges hired before 1/1/11	Closed	11.5%	40.1%
Judges hired after 12/31/10	Closed	13.0%	39.6%
Judges hired on or after 7/1/15	Open	13.0%	39.6%
Legislators	Closed	11.5%	41.7%
Optional Retirement Plan (ORP) before 7/1/06	Closed	7.5%	37.9%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	8.0%	37.8%
Peace Officers	Closed	9.0%	36.7%
Regular Employees hired before 7/1/06	Closed	7.5%	37.9%
Regular Employees hired on or after 7/1/06	Closed	8.0%	37.9%
Regular Employees hired on or after 1/1/11	Closed	8.0%	37.8%
Regular Employees Hired on or after 7/1/15	Open	8.0%	37.9%
Special Legislative Employees	Closed	9.5%	43.7%
Wildlife Agents	Closed	9.5%	46.6%

The District Court's contractually required composite contribution rate for the year ended June 30, 2018 was 37.9% of annual payroll, 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 Actuarial Accrued Liability. Contributions to the pension plan from the District Court for LASERS for the years ended June 30, 2019, 2018, and 2017 were \$120,032, \$146,936, and \$146,693, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2019, the District Court reported a liability of \$1,184,962 for its proportionate share of the net pension liability for LASERS. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District Court's proportion of the net pension liability was based on a projection of the District Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District Court's proportion for LASERS was .001738% which was a decrease of .0046% from its proportion measured as of June 30, 2017.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

For the year ended June 30, 2019, the District Court recognized pension expense of \$96,739 for LASERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$96,551).

At June 30, 2019, the District Court reported deferred outflows of resources and deferred inflows of resources related to pensions for LASERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (13,288)
Changes of assumptions	12,058	-
Net difference between projected and actual earnings on pension plan investments	15,365	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	96,274	(281,927)
Employer contributions subsequent to the measurement date	120,032	-
Total	<u>\$ 243,729</u>	<u>\$ (295,215)</u>

The District Court reported a total for LASERS of \$120,032 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability for the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2020	(52,694)
2021	(85,529)
2022	(28,958)
2023	(4,337)
	<u>\$ (171,518)</u>

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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. These ranges 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 of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.83% for 2018. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2018 are summarized in the following table:

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Cash	0%	-0.48%
Domestic equity	25%	4.31%
International equity	32%	5.26%
Domestic Fixed Income	8%	1.49%
International Fixed Income	6%	2.23%
Alternative Investments	22%	7.67%
Global Asset Allocation	7%	4.96%
Total	100%	5.40%

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability for LASERS as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75% per annum
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.65% per annum, net of investment expenses*
Mortality	Non-disabled members - Mortality rates based on RP-2000 Combined Health Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary increases	

Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

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 projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
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*The investment rate of return used in the actuarial valuation for funding purposes was 8.05%, recognizing an additional 40 basis points for gain-sharing and 15 basis points to offset administrative expenses. The net return available to fund regular plan benefits is 7.83%, which is reasonably close to the 7.65% discount rate. Therefore, we conclude that 7.65% discount is reasonable.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.65%. 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 System's 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.

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

The following table represents the District Court's proportionate share of the net pension liability (NPL) using the discount rate for LASERS as well as the District Court's proportionate share of the NPL 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 used by LASERS:

	1.0% Decrease 6.65%	Current Discount Rate 7.65%	1.0% Increase 8.65%
Net Pension Liability	\$ 1,495,501	\$ 1,184,962	\$ 917,512

Parochial Employees' Retirement System of Louisiana

Plan Description:

Substantially all of the Probation employees participate in the Parochial Employees' Retirement System of Louisiana (PERS), a multiple-employer, cost-sharing, defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B. The Probation employees are members of Plan A. The System was established and provided for by R.S. 11:1901 of the Louisiana Revised Statute. The System provides retirement benefits of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elects to become members of the System. The System issued a stand-alone audit report on its financial statements for the year ended December 31, 2018. Access to the audit report can be found on the System's website: www.persla.org.

Retirement Benefits:

Any member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to 3% of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined by the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an Automatic Option 2 benefit, as outlined by the statutes.

Deferred Retirement Option Plan:

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of the benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund.

Upon termination of employment prior to or at the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account. Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the Deferred Retirement Option Plan on or after January 1, 2004, all amounts which remain credited to the individual's subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return or, at the option of the System, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the state or the System, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Disability Benefits:

For Plan A, a member shall be eligible to retire and received a disability benefit if they were hired prior to January 1, 2007, and has at least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to 3% of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age 60.

Cost of Living Increases:

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Employer Contributions:

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2018, actuarially determined rate was 9.99% of member's compensation for Plan A. However, the actual rate for the fiscal year ending December 31, 2018 was 11.50% for Plan A. According to state statute, the System also receives ¼ of 1% of ad valorem taxes collected within the parishes of Louisiana, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Under the Plan A, members are required by state statute to contribute 9.50% (depending on date of hire) of their annual covered salary and the District Court is required to contributed an actuarially determined rate. The rate for July 1, 2018 through December 31, 2018 was 11.5% of annual covered payroll. The rate for January 1, 2019 through June 30, 2019 was 11.5% of the annual covered payroll. The contribution requirements of plan members and the District Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior year. The District Court's contributions to the System under Plan A for the years ended June 30, 2019, 2018, and 2017, were \$25,565, \$30,208, and \$31,237, respectively.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources:

At June 30, 2019, the District Court reported a liability of \$27,885 for its proportionate share of the net pension liability for PERS. The net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District Court's proportion of the net pension liability was based on a projection of the District Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2018, the District Court's proportion for PERS was .040450%, which was a decrease of .018290% from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the District Court recognized pension expense of \$69,628 for PERS less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$3,345).

At June 30, 2019, the District Court reported deferred outflows of resources and deferred inflows of resources related to pensions for PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ (10,938)
Changes of assumptions	44,889	-
Net difference between projected and actual earnings on pension plan investments	85,942	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,580	(14,703)
Employer contributions subsequent to the measurement date	25,565	-
	<u>162,976</u>	<u>(25,641)</u>
Total	<u>\$ 162,976</u>	<u>\$ (25,641)</u>

The District Court reported a total for PERS of \$25,565 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018, which will be recognized as a reduction in net pension liability for the year ended June 30, 2020.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	
2020	38,173
2021	19,129
2022	16,505
2023	37,963
	<u>\$ 111,770</u>

Actuarial Assumptions:

A summary of actuarial methods and assumptions used in determining the total net pension liability for PERS as of June 30, 2019 is as follows:

Valuation Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, net of investment expense, including inflation
Inflation Rate	2.400%
Projected Salary Increases	Plan A - 4.75%
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 increase not yet authorized by the Board of Trustees.
Mortality	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplies by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplies by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset 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 rates 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 of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2018.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	35%	1.22%
Equity	52%	3.45%
Alternatives	11%	0.65%
Real Assets	2%	0.11%
Total	100%	5.43%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.43%

Mortality Rate:

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2018. The data was assigned credibility weighting and combines with a standard table to produce current levels of mortality. As a result of this study, mortality for employees was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplies by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. In addition, mortality for annuitants and beneficiaries was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Healthy Retirees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2018 scale. For Disabled annuitants mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females, each with full generational projection using MP2018 scale.

Discount Rate:

The discount rate used to measure the total pension liability was 6.50% for Plan A. 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 and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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.

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

The following presents the net pension liability of the District Court for PERS calculated using the discount rate of 6.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.50% or one percentage point higher 7.50% than the current rate.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE L – PENSION PLAN (continued)

	1.0% Decrease 5.50%	Current Discount Rate 6.50%	1.0% Increase 7.50%
Net Pension Liability	\$ 381,277	\$ 179,532	\$ 10,890

Summarized Pension Liabilities, Pension Expense, and Deferred Outflows and Resources and Deferred Inflows of Resources

At June 30, 2019, the District Court reported a total liability of \$1,364,494 for its proportionate share of the net pension liability. For the year ended June 30, 2019, the District Court recognized total pension expense of \$166,367 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$99,896).

At June 30, 2019, the District Court reported total deferred outflows of resources and total deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (24,226)
Changes of assumptions	56,947	-
Net difference between projected and actual earnings on pension plan investments	101,307	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	102,854	(296,630)
Employer contributions subsequent to the measurement date	145,597	-
Total	<u>\$ 406,705</u>	<u>\$ (320,856)</u>

NOTE M – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE N – LITIGATION AND CLAIMS

As of June 30, 2019, there was no litigation pending against the Eighteenth Judicial District Court, nor was the Eighteenth Judicial Court aware of any unasserted claims. No claims were paid out or litigation costs incurred during the year ended June 30, 2019.

The District Court's management believes that any potential lawsuits would be covered by insurance or resolved without any material impact upon the District Court's financial statements.

NOTE O – RISK MANAGEMENT

The District Court is exposed to various risk related to torts, thefts of, damage to, and destructions of assets; errors and omission; injuries to employees; and natural disasters.

The District Court has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage for the prior year. No settlements were made during the year that exceeded the District Court's coverage.

NOTE P – OTHER POST-EMPLOYMENT BENEFITS

The District Court does not provide continuing health care, life insurance or any other post-employment benefits for its retired employees.

NOTE Q – RELATED PARTY TRANSACTIONS

There were no related party transactions during the fiscal year ended June 30, 2019.

NOTE R – TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

As a condition of receiving funds from the Supreme Court Drug Court Office, the Eighteenth Judicial District Court is required to report a schedule of federal TANF revenue and expenditures activity. The activities as of June 30, 2019 are as follows:

Total Revenues from TANF	<u>\$ 28,835</u>
TANF Expenditures:	
Administrative	\$ 2,800
Treatment	17,659
Testing and Laboratory	6,304
Office Expense	734
Other Services	455
Travel and Training	883
Total TANF Expenditures	<u>\$ 28,835</u>

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
NOTES TO FINANCIAL STATEMENTS**

NOTE S – DEFICIT NET POSITION

The District Court reported a deficit net position of \$208,581 in the statement of net position caused by the recording of the net pension liability, deferred outflows of resources, and deferred inflows of resources as required by GASB 68 (See Note L).

NOTE T – SUBSEQUENT EVENTS

The District Court did not have any subsequent events through November 5, 2019, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

JUNE 30, 2019				
	Original Budget	Final Budget	Actual	Variance
REVENUES				
Fees, Charges, and Commissions for Services -				
Civil and criminal fees	\$ 469,000	\$ 487,000	\$ 504,650	\$ 17,650
Federal, state, and parish appropriations	164,000	174,000	174,592	592
Other revenues	-	-	-	-
TOTAL REVENUES	<u>633,000</u>	<u>661,000</u>	<u>679,242</u>	<u>18,242</u>
EXPENDITURES				
Current -				
General Government				
Personnel services and related benefits	532,305	515,479	496,534	18,945
Operating services	57,000	57,700	46,925	10,775
Materials and supplies	3,000	5,000	6,603	(1,603)
Other charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>592,305</u>	<u>578,179</u>	<u>550,062</u>	<u>28,117</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	40,695	82,821	129,180	46,359
FUND BALANCES - BEGINNING	<u>16,714</u>	<u>16,714</u>	<u>16,714</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 57,409</u>	<u>\$ 99,535</u>	<u>\$ 145,894</u>	<u>\$ 46,359</u>

EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
PROBATION FUND
FOR THE YEAR ENDED JUNE 30, 2019

		JUNE 30, 2019			
		Original Budget	Final Budget	Actual	Variance
REVENUES					
Fees, Charges, and Commissions for Services -					
	Civil and criminal fees	\$ 643,000	\$ 658,000	\$ 714,026	\$ 56,026
	Other revenues			25,178	25,178
	TOTAL REVENUES	643,000	658,000	739,204	81,204
EXPENDITURES					
Current -					
General Government					
	Personnel services and related benefits	270,558	271,258	219,302	51,956
	Operating services	34,500	34,500	28,365	6,135
	Materials and supplies	4,800	4,800	4,065	735
	Other charges	328,200	343,200	354,000	(10,800)
	Capital outlay	500	4,855	4,855	-
	TOTAL EXPENDITURES	638,558	658,613	610,587	48,026
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES					
		4,442	(613)	128,617	129,230
FUND BALANCES - BEGINNING					
		790,688	790,688	790,688	-
FUND BALANCES - ENDING					
		\$ 795,130	\$ 790,075	\$ 919,305	\$ 129,230

EIGHTEENTH JUDICIAL DISTRICT COURT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 HEARING OFFICER FUND
 FOR THE YEAR ENDED JUNE 30, 2019

		JUNE 30, 2019			
		Original Budget	Final Budget	Actual	Variance
REVENUES					
Federal, state, and parish appropriations		\$ 204,000	\$ 204,000	\$ 218,852	\$ 14,852
TOTAL REVENUES		204,000	204,000	218,852	14,852
EXPENDITURES					
Current -					
General Government					
Personnel services and related benefits		174,768	174,768	180,393	(5,625)
Operating services		22,400	22,400	21,540	860
Materials and supplies		2,000	2,000	2,090	(90)
Other charges		-	-	-	-
Capital outlay		300	300	-	300
TOTAL EXPENDITURES		199,468	199,468	204,023	(4,555)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		4,532	4,532	14,829	10,297
FUND BALANCES - BEGINNING		65,496	65,496	65,496	-
FUND BALANCES - ENDING		\$ 70,028	\$ 70,028	\$ 80,325	\$ 10,297

EIGHTEENTH JUDICIAL DISTRICT COURT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
DRUG COURT FUND
FOR THE YEAR ENDED JUNE 30, 2019

		JUNE 30, 2019			
		Original Budget	Final Budget	Actual	Variance
REVENUES					
Fees, Charges, and Commissions for Services -					
Civil and civil fees		\$ -	\$ -	\$ 11,206	\$ 11,206
Federal, state, and parish appropriations		120,000	120,000	109,791	(10,209)
Other income		-	-	-	-
TOTAL REVENUES		120,000	120,000	120,997	997
EXPENDITURES					
Current -					
General Government					
Personnel services and related benefits		64,220	64,220	65,842	(1,622)
Operating services		49,681	50,314	48,505	1,809
Materials and supplies		2,249	2,249	1,528	721
Other charges		3,850	3,217	-	3,217
TOTAL EXPENDITURES		120,000	120,000	115,875	4,125
EXCESS (DEFICIENCY) OF REVENUES OVER					
(UNDER) EXPENDITURES					
		-	-	5,122	5,122
FUND BALANCES - BEGINNING					
		3,078	3,078	3,078	-
FUND BALANCES - ENDING					
		\$ 3,078	\$ 3,078	\$ 8,200	\$ 5,122

EIGHTEENTH JUDICIAL DISTRICT COURT
SCHEDULE OF EIGHTEENTH JUDICIAL DISTRICT COURT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

Retirement System	Year Ended June 30,	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
Louisiana State Employees' Retirement System	2019	0.01738%	\$ 1,184,962	\$ 316,706	374.1521%	64.30%
	2018	0.02198%	\$ 1,546,994	\$ 387,693	399.0255%	62.50%
	2017	0.02152%	\$ 1,689,947	\$ 409,758	412.4256%	57.70%
	2016	0.02197%	\$ 1,494,564	\$ 417,061	358.3562%	62.70%
	2015	0.02424%	\$ 1,515,952	\$ 425,074	356.6325%	65.00%
Parochial Employees' Retirement System	2019	0.040450%	\$ 179,532	\$ 222,308	80.7590%	88.86%
	2018	0.058740%	\$ (43,600)	\$ 251,730	-17.3201%	101.98%
	2017	0.040287%	\$ 82,972	\$ 244,624	33.9182%	94.15%
	2016	0.041875%	\$ 110,227	\$ 235,382	46.8290%	92.23%
	2015	0.0479%	\$ 13,089	\$ 256,780	5.0974%	99.89%

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

EIGHTEENTH JUDICIAL DISTRICT COURT
 SCHEDULE OF EIGHTEENTH JUDICIAL DISTRICT COURT'S CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2019

Retirement System	Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Louisiana State Employees' Retirement System	2019	\$ 120,032	\$ 120,032	\$ -	\$ 316,706	37.9001%
Louisiana State Employees' Retirement System	2018	\$ 146,936	\$ 146,936	\$ -	\$ 387,693	37.9001%
Louisiana State Employees' Retirement System	2017	\$ 146,693	\$ 146,693	\$ -	\$ 409,758	35.7999%
Louisiana State Employees' Retirement System	2016	\$ 155,147	\$ 155,147	\$ -	\$ 417,061	37.2001%
Louisiana State Employees' Retirement System	2015	\$ 163,295	\$ 163,295	\$ -	\$ 425,074	38.4157%
Parochial Employees' Retirement System	2019	\$ 25,565	\$ 25,565	\$ -	\$ 222,306	11.4999%
Parochial Employees' Retirement System	2018	\$ 30,208	\$ 30,208	\$ -	\$ 251,730	12.0002%
Parochial Employees' Retirement System	2017	\$ 31,237	\$ 31,237	\$ -	\$ 244,624	12.7694%
Parochial Employees' Retirement System	2016	\$ 32,381	\$ 32,381	\$ -	\$ 235,382	13.7568%
Parochial Employees' Retirement System	2015	\$ 32,228	\$ 32,228	\$ -	\$ 256,780	12.5508%

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

SUPPLEMENTARY INFORMATION

EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
PAID TO AGENCY HEAD
JUNE 30, 2019

Agency Head Name: Judge Alvin Batiste

PURPOSE	AMOUNT
Salary	\$ 153,143
Benefits - insurance	11,151
Benefits - other	61,411
Telephone	1,882
Conference Travel	3,470
TOTAL	\$ 231,057

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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SCHEDULE 1

Honorable Judges

Eighteenth Judicial District Court

Parishes of Iberville, Pointe Coupee, and West Baton Rouge

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities and each major fund of the Eighteenth Judicial District Court, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Eighteenth Judicial District Court's basic financial statements and have issued our report thereon dated November 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Eighteenth Judicial District Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, that we consider to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Eighteenth Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Eighteenth Judicial District Court's Response to Findings

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

Purpose of this Report

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

Baxley & Associates, LLC

Plaquemine, Louisiana
November 5, 2019

SCHEDULE 2

EIGHTEENTH JUDICIAL DISTRICT COURT PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: *unqualified*

Internal control over financial reporting:

- Material weaknesses identified? ☒ yes ☐ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☐ no
- Noncompliance material to financial statements noted? ☐ yes ☒ no

B. FINDINGS

2019-001 FINANCIAL STATEMENTS

Condition:

The District Court does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes. This is a repeat finding.

Criteria:

Government Auditing Standards, issued by Comptroller General of the United States requires governmental units to have employees or engage a third party who has the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing its financial statements, including the related notes. Management did not engage a third party capable of producing GAAP basis financial statements.

Effect:

The lack of ability to generate GAAP basis financial statements on the part of the District Court resulted in the auditor making several material adjustments to the financial statements.

Recommendation:

No recommendation. The District Court has evaluated the cost vs. benefit of hiring a qualified individual to prepare the necessary financial statements. The decision has been made to continue to allow the audit firm to prepare the statements and management reviews and takes responsibility for the information in the statements.

Management's Response:

Management agrees with the recommendation and will annually evaluate this decision.

SCHEDULE 2
(continued)

EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019

2019-002 INTERNAL CONTROL

Condition:

There is a lack of segregation of duties within the District Court's office. This is a repeat finding.

Criteria:

An important element in designing an internal accounting control system that safeguards assets and reasonably ensures the reliability of the accounting records is the concept of segregation of responsibilities.

Effect:

No one person should be assigned duties that would allow that person to commit an error or perpetrate fraud and to conceal the error or fraud. For example, the same person should not be responsible for any two of the following functions: (1) authorization of a transaction, (2) recording of the transaction, or (3) custody of assets involved in the transaction.

Recommendation:

The entity should have a proper segregation of duties.

Management's Response:

Management concurs with this finding. The judges will be more involved in the review and approval process of receipts and disbursements.

SCHEDULE 3

EIGHTEENTH JUDICIAL DISTRICT COURT PARISHES OF IBERVILLE, POINTE COUPEE, AND WEST BATON ROUGE SCHEDULE OF PRIOR FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

2018-001 FINANCIAL STATEMENTS

Condition:

The District Court does not have any employees, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Recommendation:

No recommendation. The District Court has evaluated the cost vs. benefit of hiring a qualified individual to prepare the necessary financial statements. The decision has been made to continue to allow the audit firm to prepare the statements and management reviews and takes responsibility for the information in the statements.

Current Status:

This finding still exists in the current year.

2018-002 INTERNAL CONTROL

Condition:

There is a lack of segregation of duties within the District Court's office. This is a repeat finding.

Recommendation:

The entity should have a proper segregation of duties.

Current Status:

This finding still exists in the current year.

2018-003 BUDGET AMENDMENTS

Condition:

Management did not properly amend the budgets for the Special Revenue Fund (Drug court) to ensure compliance with applicable laws. This was a repeat finding.

Recommendation:

We recommend that management implement procedures to monitor budget to actual comparisons and amend budgets as necessary to comply with the Louisiana Local Government Budget Act.

Current Status:

This finding was corrected in the current year.

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, & WEST BATON ROUGE, LOUISIANA
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2019**

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To the Honorable Judges
Eighteenth Judicial District Court
Parishes of Iberville, Pointe Coupee, & West Baton Rouge, Louisiana &
Louisiana Legislative Auditors

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the Eighteenth Judicial District Court and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Eighteenth Judicial District Court's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category for items a through j since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category for items a through j.

No exceptions were noted as a result of applying the above procedure at item k.

Board or Finance Committee

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

referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Bank Reconciliations

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Findings:

We received the listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

No exceptions were noted as a result of applying the above procedure.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire

of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Findings:

We received a listing of collection locations along with management's representation that the listing is complete.

We received management's representation that there are three collection sites. The deposits from each collection site are made by a different employee than the employee making the collections and the judges also sign off on the deposits for all sites. The employees responsible for collecting cash are responsible for posting collection entries; however, the judges are responsible for reconciling the ledger postings. The employee responsible for reconciling cash collections to the ledger is responsible for collecting cash and the reconciliations are verified and reviewed by the judges.

No exceptions were noted as a result of applying the above procedure.

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

Findings:

We received management's representation that all employees with access to cash are covered by a bond or insurance policy for theft.

No exceptions were noted as a result of applying the above procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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

Findings:

There were three accounts selected for this agreed upon procedure. There were no exceptions noted in applying the procedure with respect to items a, b, c, and e. Receipts were subsequently prenumbered as applicable, supporting collection documentation agreed with the deposit slip and the deposit slip agreed with the actual deposit per the bank. All actual deposits per the bank statement agreed with the general ledger.

There were two exceptions noted at item d. There was one item collected and not deposited until eleven business days after collection. The two supporting collection documents on a different deposit did not have indication of when they were collected so it was unclear if the deposit was made within one day of collections; this deposit appears to have been made between two and three business days after collection based on the information provided.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

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

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

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

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Contracts

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Payroll and Personnel

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 2. Management agrees that procedures do not need to be performed in this category.

Ethics

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Debt Service

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

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

Based on the terms of the Agreed Upon Procedures, we are allowed to rotate procedures in this category since there were no exceptions in Year 1. Management agrees that procedures do not need to be performed in this category.

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

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control of 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.

Baxley & Associates, LLC

Plaquemine, Louisiana
November 5, 2019

**EIGHTEENTH JUDICIAL DISTRICT COURT
PARISHES OF IBERVILLE, POINTE COUPEE, & WEST BATON ROUGE, LOUISIANA**

**Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019**

Management's Response to Items:

7. Management will make sure all deposits are done in a timely manner.