

**NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND**

BATON ROUGE, LOUISIANA

JUNE 30, 2017

L.A. CHAMPAGNE 
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INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
Nineteenth Judicial District Court

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court – Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Judicial Expense Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court - Judicial Expense Fund as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 7 and exhibits 1 and 2, pages 44 through 46, respectively, the Schedules of Funding Progress and Employer Contributions of the fund's post employment benefit plan, exhibit 3 on page 49, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions, exhibits 4 and 5 on pages 50 and 51 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

The supplementary schedule of compensation, benefits, and other payments to agency heads, Exhibit 6 on page 54 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subject to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of compensation, benefits, and other payments to agency heads 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 February 24, 2018 on our consideration of the Nineteenth Judicial District Court - Judicial Expense Fund's internal control over financial reporting; our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Nineteenth Judicial District Court – Judicial Expense Fund’s internal control over financial reporting and compliance.

L.A. Champagne & Co. L.L.P.

February 24, 2018
Baton Rouge, Louisiana

REQUIRED SUPPLEMENTARY INFORMATION



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Nineteenth Judicial District Court – Judicial Expense Fund (the JEF) provides an overview of the JEF's activities for the year ended June 30, 2017. Please read it in conjunction with the JEF's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The JEF experienced an increase in total net position deficit of approximately \$1,725,000, or approximately a 9% deficit increase from the prior year.
- During the year, expenses exceeded revenue generated for governmental programs by approximately \$1,725,000. Last year expenses exceeded revenues by approximately \$577,000.
- Total cost of all the JEF's programs for the current year increased by approximately \$1,000,000, and total revenues decreased by approximately \$148,000.
- The general fund reported a deficit of revenue over expenditures this year of approximately \$12,000. This is a decrease from last year's deficit which was approximately \$262,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 - 10) provide information about the activities of the JEF as a whole and present a longer-term view of the JEF's finances. Fund financial statements (on pages 11 - 15) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the JEF's operations in more detail than the government-wide statements by providing information about both of the JEF governmental funds.

Reporting the JEF as a Whole

Our analysis of the JEF as a whole begins on page 9. We believe the key question regarding JEF finances to be, “Is the JEF as a whole better or worse as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the JEF as a whole, and about its activities, in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the JEF’s net position and changes in them. You can think of the JEF’s net position—the difference between assets and liabilities—as one way to measure the JEF’s financial health, or financial position. Over time, increases or decreases in the JEF’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by District Court as well as the number of judgeships approved by the State Legislature and the State’s economic condition to better assess the overall health of the JEF.

Currently, the JEF has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of District Court. Primarily, court costs and fines finance these activities.

Reporting the JEF’s Funds

Our analysis of the JEF’s funds begins on page 11. The fund financial statements provide detailed information about the JEF’s funds, not the JEF as a whole. In addition to accounting for the fees for court costs, fines; appropriations from East Baton Rouge City – Parish, East Baton Rouge Clerk of Court and the Louisiana Supreme Court; and other revenues that finance activities of the District Court, the JEF also accounts for the appropriation received from the Louisiana Supreme Court to administer the Commissioners’ offices. Fees collected for the preparation of transcripts for indigent defenders are maintained in a separate special revenue fund in accordance with LA R. S. 13:965. The General Fund, the Commissioners’ Fund, and the Indigent Transcript Fund are governmental funds that focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the JEF’s operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the JEF’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE JEF AS A WHOLE

The JEF's net position deficit increased by approximately \$1,725,000 from \$18,449,000 to \$20,173,000 primarily due to the JEF's operating expenses including provisions for pension cost and other post retirement benefits exceeding the collection of fines, fees and intergovernmental revenues.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the JEF's governmental activities.

Table 1
Net Position

	2017	2016	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 2,897,297	\$ 3,023,307	\$ (126,010)	(4%)
Capital assets	38,470	34,288	4,182	12
Total assets	<u>2,935,767</u>	<u>3,057,595</u>	(121,828)	(4)
Deferred outflows of resources	4,954,299	2,452,157	2,502,142	102
Current liabilities	880,553	892,585	(12,032)	(1)
Long term liabilities	26,431,220	22,031,913	4,399,307	20
Total liabilities	<u>27,311,773</u>	<u>22,924,498</u>	4,387,275	19
Deferred inflows of resources	751,583	1,033,912	(282,329)	
Net position:				
Invested in capital assets	38,470	34,288	4,182	12
Restricted by external legal constraints	723,541	831,810	(108,269)	(13)
Unrestricted deficit	(20,935,301)	(19,314,676)	(1,620,625)	8
Total net position deficit	<u>\$ (20,173,290)</u>	<u>\$ (18,448,578)</u>	\$ (1,724,712)	9%

Unrestricted net position deficit is the part of net assets that can be used to finance day-to-day operations without constraints established by other legal restrictions. Unrestricted net position at year end reflects a deficit of approximately \$ 20,935,000 due to the adoption of GASB Statement Numbers 68 and 71, which represents an increase from the prior year by approximately \$1,621,000.

The JEF's total revenues decreased by approximately two percent or \$148,000 from the prior year, and the total cost of all programs and services increased by approximately \$1,000,000.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net revenue or expense. The reason for this kind of format is to highlight the relative financial burden of

each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. Fees in the form of court costs and fines represent the majority of the revenues reported for the District Court's function.

Table 2
Changes in Net Position

	2017	2016	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 2,134,000	\$ 2,577,050	\$ (443,050)	(17) %
Intergovernmental	6,645,849	6,549,074	96,775	1
Charges for services	182,547	174,247	8,300	5
Non-employer pension contributions	283,418	299,275	(15,857)	100
Interest	4,946	4,779	167	3
Other	227,237	21,580	205,657	953
Total revenues	<u>9,477,997</u>	<u>9,626,005</u>	<u>(148,008)</u>	(2)
Program expenses				
District court	10,680,682	9,756,223	924,459	9
Commissioners'	<u>522,027</u>	<u>446,320</u>	<u>75,707</u>	17
Total expenses	<u>11,202,709</u>	<u>10,202,543</u>	<u>1,000,166</u>	10
Increase in net position deficit	<u>\$(1,724,712)</u>	<u>\$ (576,538)</u>	<u>\$ (1,148,174)</u>	199 %

THE JEF'S FUNDS

As the JEF completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of approximately \$1,940,000, which is \$120,000 less than last year's total of \$2,060,000.

The following schedule presents a summary of general fund revenues and expenditures for the fiscal year ended June 30, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
General Fund Revenues and Expenditures**

	2017		2016	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
Fees and fines	\$ 1,991,164	23%	\$2,354,562	27%
Intergovernmental	6,300,760	72	6,088,955	71
Charges for services	173,743	2	174,247	2
Interest	4,946	-	4,779	-
Other	227,237	3	21,579	-
Total revenues	<u>8,697,850</u>	<u>100</u>	<u>8,644,122</u>	<u>100</u>
Expenditures				
District Court	8,836,256	100	9,101,884	100
Capital outlay	21,244	-	5,590	-
Total expenditures	<u>8,857,500</u>	<u>100</u>	<u>9,107,474</u>	<u>100</u>
Excess (deficiency) of revenues over expenditures before transfers	(159,650)	1,368	(463,352)	177
Transfers	147,972	(1,268)	200,918	(77)
Excess (deficiency) of revenues over expenditures after transfer	<u>\$ (11,678)</u>	<u>100%</u>	<u>\$ (262,434)</u>	<u>100%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Each year the Court projects budgeted revenues based on the prior year collections. The major revenue variances for the year ending June 30, 2017 were as follows: The LA Supreme Court decreased funding to the Drug Court Program by \$25,000 and the Commissioner's fund by \$115,000 due to the State budget crisis. The flood of August 2016 in the Baton Rouge area reduced court fees and fines by approximately \$460,000. The court received a one-time fee of approximately \$210,000 for misdemeanor detention warrant recall fees received from the City of Baton Rouge. Decreased funding from the State of Louisiana and reduced court revenue resulted in actual revenue to be less than budgeted by approximately \$186,000. The court's operating expenses were approximately \$291,000 less than budgeted.

Capital equipment purchases increased by approximately \$15,000 in 2017 compared to \$6,000 in 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017, the JEF had \$351,000 invested in capital assets including computer equipment and office renovations. (See Table 4 below.) This represents a net decrease of \$16,000 from last year. Capital additions totaled approximately \$21,000 for the fiscal period.

Table 4
Capital Assets at Year-end

	<u>2017</u>	<u>2016</u>
Computer equipment, including software	\$ 234,747	\$ 245,734
Other office equipment	83,853	89,679
Furniture and fixtures	27,983	27,983
Office renovations	3,964	3,964
Totals	<u>\$ 350,547</u>	<u>\$ 367,360</u>

Debt

At year-end, the JEF had approximately \$9,309,000 in net other post retirement benefit obligations, which represents future liabilities for employees to continue to participate in the health, dental and life insurance programs upon and during retirement. This represents roughly an eleven percent increase from the prior year. The JEF also had an estimated \$454,000 for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. This is a decrease of twenty-one percent from last year. In addition, the JEF has a net pension liability of approximately \$16,710,000 which represents a twenty-seven percent increase from last year. (See Table 5 below)

Table 5
Outstanding Debt at Year-end

	<u>2017</u>	<u>2016</u>
Net other post retirement obligations	\$ 9,309,029	\$ 8,360,794
Accrued compensated absences	454,028	575,312
Net pension liability	16,709,945	13,148,608
Totals	<u>\$ 26,473,002</u>	<u>\$ 22,084,714</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City-Parish of East Baton Rouge funds most of the District Court operations. The annual budget adopted by the City-Parish for 2017 largely remained unchanged from its prior year appropriation. This budget includes funding for salaries, retirement contributions, medical, dental, post employment benefits and some basic office expenses. The Court grants all eligible employees a three percent merit raise each year. The Court anticipates revenue collection to increase slightly in the upcoming fiscal year due to the State Budget crisis, as well as the effects from the Great Flood of 2016 which should offset the 2017 Warrant Recall fees. Expenses are projected to be somewhat higher than 2017 due to increased employee wage and benefit cost. The Court may have to liquidate some of its cash reserves to meet operating expenditures.

CONTACTING THE FUND'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the JEF's finances and to show the JEF's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 300 North Blvd., Suite 3606, Baton Rouge, Louisiana.



Gordon Gagliano, CPA
Director of Finance

BASIC FINANCIAL STATEMENTS

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF NET POSITION**

June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash, including time deposits	\$ 2,517,408
Accounts receivable (net)	62,495
Receivable from other governments	282,334
Prepaid expenses	<u>35,060</u>
Total current assets	2,897,297
Noncurrent assets:	
Capital assets, net of depreciation	<u>38,470</u>
Total assets	<u>2,935,767</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,954,299</u>
LIABILITIES	
Current liabilities:	
Accounts payable	62,723
Payroll withholdings & payable	407,599
Accrued compensated absences	41,782
Unearned revenues	<u>368,449</u>
Total current liabilities	880,553
Noncurrent liabilities:	
Accrued compensated absences	412,246
Other post employment benefit obligation	9,309,029
Net pension liability	<u>16,709,945</u>
Total liabilities	<u>27,311,773</u>
DEFERRED INFLOWS OF RESOURCES	<u>751,583</u>
NET POSITION	
Net investment in capital assets	38,470
Restricted by external legal constraints	723,541
Unrestricted	<u>(20,935,301)</u>
Total net position deficit	<u>\$ (20,173,290)</u>

See accompanying notes to the basic financial statements.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
STATEMENT OF ACTIVITIES**
Year ended June 30, 2017

Functions/Programs	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Governmental activities:					
District Court	\$ 10,680,682	\$ 2,316,547	\$ 6,584,178	\$ -	\$ (1,779,957)
Commissioners'	522,027	-	345,089	-	(176,938)
Total governmental activities	<u>\$ 11,202,709</u>	<u>\$ 2,316,547</u>	<u>\$ 6,929,267</u>	<u>\$ -</u>	<u>(1,956,895)</u>
General revenues:					
Interest					4,946
Other					227,237
Total general revenues					<u>232,183</u>
Change in net position					(1,724,712)
Net position deficit - beginning of year					<u>(18,448,578)</u>
Net position deficit - end of year					<u>\$ (20,173,290)</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
ASSETS				
Cash, including time deposits	\$ 2,491,731	\$ 25,677	\$ -	\$ 2,517,408
Accounts receivable (net)	20,825	-	-	20,825
Receivable from other governments	271,310	-	11,024	282,334
Due from other funds	57,606	4,143	763,907	825,656
Total assets	<u>\$ 2,841,472</u>	<u>\$ 29,820</u>	<u>\$ 774,931</u>	<u>\$ 3,646,223</u>
LIABILITIES				
Accounts payable	\$ 62,723	\$ -	\$ -	\$ 62,723
Payroll withholdings & payable	388,138	19,461	-	407,599
Due to other funds	763,907	57,606	4,143	825,656
Accrued compensated absences	41,782	-	-	41,782
Unearned revenue	368,449	-	-	368,449
Total liabilities	<u>1,624,999</u>	<u>77,067</u>	<u>4,143</u>	<u>1,706,209</u>
FUND BALANCES				
Restricted:				
Special revenue funds	-	(47,247)	770,788	723,541
Unassigned	1,216,473	-	-	1,216,473
Total fund balances	<u>1,216,473</u>	<u>(47,247)</u>	<u>770,788</u>	<u>1,940,014</u>
Total liabilities and fund balances	<u>\$ 2,841,472</u>	<u>\$ 29,820</u>	<u>\$ 774,931</u>	<u>\$ 3,646,223</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2017

Total governmental fund balances \$ 1,940,014

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. 38,470

Receivables that are not available to pay current period
expenditures and therefore are not reported in the funds. 41,670

Some expenditures reported in the funds benefit a future period
and are not reported as governmental activities of the current period. 35,060

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds

Accrued compensated absences	(412,246)	
Other post retirement benefits	(9,309,029)	(9,721,275)

Net pension obligation balances in accordance with GASB 68

Deferred outflow of resources - deferred pension contributions	4,954,299	
Net pension liability	(16,709,945)	
Deferred inflow of resources - related to net pension liability	(751,583)	(12,507,229)

Net position of governmental activities \$ (20,173,290)

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2017

	General Fund	Commissioners' Fund	Other Funds	Total Governmental Funds
REVENUES				
Fees and fines	\$ 1,991,164	\$ -	\$ 142,836	\$ 2,134,000
Intergovernmental	6,300,760	345,089	-	6,645,849
Charges for services	173,743	-	-	173,743
Interest	4,946	-	-	4,946
Other	<u>227,237</u>	<u>-</u>	<u>-</u>	<u>227,237</u>
Total revenues	<u>8,697,850</u>	<u>345,089</u>	<u>142,836</u>	<u>9,185,775</u>
EXPENDITURES				
Current operations:				
District Court	8,836,256	-	-	8,836,256
Commissioners'	-	448,222	-	448,222
Capital expenditures	<u>21,244</u>	<u>-</u>	<u>-</u>	<u>21,244</u>
Total expenditures	<u>8,857,500</u>	<u>448,222</u>	<u>-</u>	<u>9,305,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(159,650)</u>	<u>(103,133)</u>	<u>142,836</u>	<u>(119,947)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	147,972	-	-	147,972
Operating transfers out	<u>-</u>	<u>-</u>	<u>(147,972)</u>	<u>(147,972)</u>
Total other financing sources and (uses)	<u>147,972</u>	<u>-</u>	<u>(147,972)</u>	<u>-</u>
Net change in fund balance	<u>(11,678)</u>	<u>(103,133)</u>	<u>(5,136)</u>	<u>(119,947)</u>
Fund balances - beginning of year	<u>1,228,151</u>	<u>55,886</u>	<u>775,924</u>	<u>2,059,961</u>
Fund balances (deficit) - end of year	<u>\$ 1,216,473</u>	<u>\$ (47,247)</u>	<u>\$ 770,788</u>	<u>\$ 1,940,014</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2017

Net change in fund balances - total governmental funds		\$ (119,947)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		4,182
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		8,804
Expenses reported in the statement of activities in the current period and reported as expenditures of governmental funds in the previous period.		(2,910)
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.		
Compensated absences	\$ 110,265	
Net post employment benefit obligation	(948,235)	<u>(837,970)</u>
Change in net position liability and deferred inflows and outflows in accordance with GASB 68		<u>(776,871)</u>
Change in net assets of governmental activities		<u>\$ (1,724,712)</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Due from other governments	\$ 14,003
Total assets and other debits	<u>\$ 14,003</u>
LIABILITIES	
Due to other governments	\$ 14,003
Total liabilities	<u>\$ 14,003</u>

See accompanying notes to the basic financial statements.

NINETEENTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nineteenth Judicial District Court Judicial Expense Fund (Judicial Expense Fund) (JEF) was created to account for the operations of the Nineteenth Judicial District Court.

Financial reporting entity

The Nineteenth Judicial District Court Expense Fund was established by a legislative act effective June 30, 1969. The act provides for the collection of fees in the form of court costs and fines, and provides for court reporters and such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies and any other costs or expenses related to the proper administration of the court, except for the payment of judges' salaries.

The offices of Commissioner of the Nineteenth Judicial District Court were created by legislative act that provides for the appointment of two commissioners whose duties are assigned by the Chief Judge. These duties include hearing and making recommendations on criminal and civil proceedings arising out of the incarceration of state prisoners. The State of Louisiana appropriates funds for equipment, supplies, and the salaries and related benefits for employees of the Commissioners.

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

The Judicial Expense Fund is part of the operations of the district court system that is fiscally dependent on the City-Parish. The City-Parish provides directly to the court office space, courtrooms, personal services, and other supplies and services. The nature of the relationship between the Judicial Expense Fund and the district court and the City-Parish is significant. Therefore, the Judicial Expense Fund was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying financial statements present information only on the Judicial Expense Fund maintained by the Nineteenth Judicial District Court and do not present any other information on the District Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

The Judicial Expense Fund's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Government-wide financial statements – The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except for the fiduciary fund described below. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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

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

General fund - The general fund is the general operating fund and accounts for all activities of the Judicial Expense Fund except those required to be accounted for in another fund.

Special revenue funds - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary fund (agency fund) – The agency fund accounts for assets held by the Judicial Expense Fund in a purely custodial capacity.

Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

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

Financial statement amounts

Cash, including time deposits – “Cash, including time deposits” includes all demand deposits, savings accounts, money market accounts and certificates of deposit of the Judicial Expense Fund.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables are eliminated in the Statement of Net Position. Details of interfund receivables and payables at year end are found in Note J.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include amounts due from the Clerk of Court and attorneys for transcript charges.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	5 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years
Office renovations	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Judicial Expense Fund and do not reflect assets of the court obtained from other sources.

Revenues

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

The annual and sick leave plan adopted by the JEF allows a maximum accumulation of 60 days of vacation leave. Certain employees hired before the current annual and sick leave plan was adopted can accumulate more than the 60 day maximum allowed under the current plan. Upon termination, employees are paid for the unused vacation leave. Sick leave is allowed to accrue and accumulate, however, such sick leave benefits are payable only upon absence from work for medical reasons. Upon termination, accumulated sick leave lapses, and no payments are made for the unused accumulations.

Certain employees of District Court may accrue up to 34.25 days of compensatory time in lieu of overtime payment. The Judicial Expense Fund pays compensatory leave up to the maximum accrual amounts upon termination, resignation, retirement or death. Whenever an employee exceeds the maximum accrual amounts, the excess is paid to the employee during the following month.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 16, *Accounting for Compensated Absences*, requires governments to accrue compensated absences only to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Judicial Expense Fund records a liability for 100% of the accrued vacation and compensatory time for each employee up to the respective maximums at the employees' current rate of pay. Additionally, applicable social security and Medicare costs are added to the accrued leave as computed above.

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

The amounts shown in the accompanying financial statements for accrued compensated absences represent the liability for all employees of the District Court except the judges and the commissioners.

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

Deferred compensation

Certain employees of the Nineteenth Judicial District Court participate in the Court's Deferred Compensation Plan or the State of Louisiana Deferred Compensation Plan. These plans were adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plans are included in the separately issued audit reports for the Plans. The Nineteenth Judicial District Court Plan audit report is available from the plan's administrator, Nationwide Retirement Solutions, and the State of Louisiana Deferred Compensation Plan is available from the State of Louisiana.

Interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. All transfers between individual governmental funds have been eliminated on the statement of activities.

Accounting estimates

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

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

Fund balances of the governmental funds are classified as follows:

Restricted – amounts that can be spent only for specific purposes under enabling legislation.

Unassigned – all other spendable amounts.

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

Pension Plans

The JEF is a participating employer in three defined benefit pension plans (plans) as described in Note H. 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 from each plans’ fiduciary net position have been determined on the same basis as they are reported by each of the plans. 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 each plan.

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Judicial Expense Fund may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

At June 30, 2017, the Judicial Expense Fund had cash (book balances) as follows:

Interest bearing demand deposits	\$ 1,684,454
Non-interest bearing demand deposits	<u>832,954</u>
	<u>\$ 2,517,408</u>

These deposits are stated at cost, which approximates fair market value. 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 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. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Judicial Expense Fund that the fiscal agent has failed to

B: CASH AND INVESTMENTS (Continued)

pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund's deposits may not be returned to it. The Judicial Expense Fund does not have a deposit policy for custodial credit risk. As of June 30, 2017, \$2,356,740 of the Judicial Expense Fund's bank balance of \$2,606,740 was exposed to custodial credit risk as follows:

Uninsured collateral held by third party custodian not in JEF's name	<u><u>\$2,356,740</u></u>
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C: ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists mostly of amounts due from the Clerk of Court and attorneys for transcript charges. Detail of the receivables at June 30, 2017 is as follows:

Transcripts	\$ 69,640
Less allowance for doubtful accounts	<u>18,625</u>
	51,015
Other receivables	<u>11,480</u>
Accounts receivable (net)	<u><u>\$ 62,495</u></u>

The allowance for doubtful accounts was established based on historical trends and other information. At June 30, 2017, \$50,313 of the transcripts receivable were past due ninety days or more.

D: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due at June 30, 2017 are as follows:

General fund	
East Baton Rouge Parish Sheriff	\$ 143,959
East Baton Rouge Clerk of Court	30,723
Louisiana Supreme Court	72,173
Dept of Public Safety	6,425
FEMA	17,417
Family Court	195
19th JDC Building Commission	<u>418</u>
	<u>\$ 271,310</u>
Indigent transcript fund	
East Baton Rouge Parish Sheriff	<u><u>\$ 11,024</u></u>

E: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, is as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Computer equipment, including software	\$ 245,733	\$ 21,244	\$ 32,232	\$ 234,745
Other office equipment	89,679	-	5,826	83,853
Furniture and fixtures	27,983	-	-	27,983
Office renovations	3,964	-	-	3,964
Totals at historical cost	<u>367,359</u>	<u>21,244</u>	<u>38,058</u>	<u>350,545</u>
Less accumulated depreciation				
Computer equipment, including software	230,631	8,903	32,232	207,302
Other office equipment	76,460	7,127	5,826	77,761
Furniture and fixtures	24,329	1,032	-	25,361
Office renovations	1,651	-	-	1,651
Totals at historical cost	<u>333,071</u>	<u>17,062</u>	<u>38,058</u>	<u>312,075</u>
Capital assets, net	<u>\$ 34,288</u>	<u>\$ 4,182</u>	<u>\$ -</u>	<u>\$ 38,470</u>

Depreciation expense was charged to governmental activities as follows:

District Court	\$ 17,062
Commissioners'	-
	<u>\$ 17,062</u>

F: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017	Amounts Due within One Year
Accrued compensated absences	\$ 575,312	\$ -	\$ 121,284	\$ 454,028	\$ 41,782
Other post employment benefit obligation	8,360,794	1,420,428	472,193	9,309,029	-
Net pension liability	<u>13,148,608</u>	<u>4,992,097</u>	<u>1,430,760</u>	<u>16,709,945</u>	<u>-</u>
Total governmental activities	<u>\$ 22,084,714</u>	<u>\$ 6,412,525</u>	<u>\$ 2,024,237</u>	<u>\$ 26,473,002</u>	<u>\$ 41,782</u>

G: SALARY EXPENDITURES

The Judicial Expense Fund administers the payroll for all District Court employees excluding the judges and the commissioners. The Parish of East Baton Rouge reimburses the fund for those salaries disbursed by the fund but appropriated in the City-Parish budget. Also, the Clerk of Court reimburses the Fund for a portion of the salary of an employee who works for both the Nineteenth Judicial District Court and the East Baton Rouge Parish Clerk of Court.

H: PENSION PLANS

The JEF is a participating employer in three cost-sharing, multiple employer defined benefit pension plans administered by three public employee retirement systems, the Louisiana Clerks' of Court Retirement and Relief Fund (COC), the Louisiana School Employees' Retirement System (LSERS) and the Louisiana State Employees' Retirement System (LASERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees and all Systems are component units of the State of Louisiana.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

COC:
10202 Jefferson Highway
Building A
Baton Rouge, Louisiana 70809
(225) 293-1162
www.laclerksofcourt.org

LSERS:
8660 United Plaza Blvd.
Baton Rouge, LA 70804
(225) 925-6484
www.lasers.net

LASERS
8401 United Plaza Blvd.
P. O. Box 44213
Baton Rouge, Louisiana 70804-4213
(225) 925-0185
www.lasersonline.org

Effective July 1, 2014, the JEF implemented the provisions of Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the JEF to record its proportional share of each of the pension plans' Net Pension Liability and report the following disclosures:

Plan Descriptions

Louisiana Clerks' of Court Retirement and Relief Fund (COC)

The Fund was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:1501 for eligible employees of the clerk of the supreme court, each of the district courts, each of the courts of appeal, each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of entrance into the Fund, the Louisiana Clerks' of Court Association, the Louisiana Clerks of Court Insurance Fund, and the employees of the Fund.

H: PENSION PLANS (Continued)

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more and terminating employment. Regular retirement benefits, payable monthly for life, equal $3\frac{1}{3}$ percent of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of the last six years of measurement.

Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Louisiana School Employees' Retirement System (LSERS)

The Louisiana School Employees' Retirement System (LSERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan. The plan provides retirement, disability, and survivor benefits to school employees as defined in LRS 11:1001. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in LRS 11:1141-1153.

Members who joined the system on or before June 30, 2010 are eligible for regular retirement benefits upon attaining 30 years of service at any age, 25 years of service and age 55, 20 years of service regardless of age with an actuarially reduced benefit, or 10 years of service and age 60. Members who joined the system after June 30, 2010 are eligible for regular retirement upon attaining at least 5 years of service and age 60 or 20 years of service regardless of age with an actuarially reduced benefit.

For members employed prior to July 1, 2006, the maximum retirement benefit is equal to $3\frac{1}{3}$ % of the average compensation for the three highest consecutive years of service (five highest consecutive years for members employed between July 1, 2006 and June 30, 2010), subject to a 10% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service. For members employed on or after July 1, 2010, the maximum retirement benefit is equal to $2\frac{1}{2}$ % of the average compensation for the five highest consecutive years of service, subject to a 15% salary limitation, multiplied by the number of years of service limited to 100% of final average compensation plus a supplementary allowance of \$2 per month for each year of service.

Members of the System may elect to participate in the Deferred Retirement Option Plan, (DROP) and defer the receipt of benefits. The election may be made only one time and the duration is

H: PENSION PLANS (Continued)

limited to three years. Once an option has been selected, no change is permitted. Upon the effective date of the commencement of participation in the DROP Plan, active membership in the regular retirement plan of the System terminates. Average compensation and creditable service remain as they existed on the effective date of commencement of participation in the System. The monthly retirement benefits, that would have been payable had the person elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan Fund Account. The System maintains sub accounts within this account reflecting the credits attributed to each participant in the DROP program. Interest credited and payments from the DROP account are made in accordance with Louisiana Revised Statutes 11:1152(F)(3). Upon termination of participation in both the DROP program and employment, a participant may receive his DROP monies either in a lump sum payment from the account or systematic disbursements. The System also provides for deferred benefits for vested members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable.

Members are eligible to retire and receive disability benefits if the member has attained at least 5 years of creditable service (10 years of creditable service if employed on or after July 1, 2006), if the member is not eligible for regular retirement and has become totally and permanently disabled. Disability benefits are equal to 2½% of average compensation multiplied by years of creditable service, but not less than 3⅓% of average compensation for members employed prior to July 1, 2006 and 3% of average compensation multiplied by years of creditable service for members employed between July 1, 2006 and June 30, 2010. For those employed on or after July 1, 2010 disability benefits are equivalent to the regular retirement formula without reduction by reason of age. Pursuant to LRS 11:1151, survivor benefits of up to 75% of the members salary are available for surviving spouses and minor children of members with at least five years of service.

Louisiana State Employees' Retirement System (LASERS)

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LRS 11:401-414. The age and years of creditable service required in order for a member to receive retirement benefits are established by LRS 11:441 and vary depending on the member's hire date, employer and job classification. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The computation of retirement benefits are provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service.

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

H: PENSION PLANS (Continued)

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. Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. 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 of 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.

Eligibility requirements and benefit computations for disability benefits are provided for in LRS 11:461. All members with ten or more years of creditable service or members aged 60 or older regardless of date of hire who become disabled may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation.

Provisions for survivor's benefits are provided for in LRS 11:471-478. Under these statutes, 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 minimum service 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.

Funding Policy

Under Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974, the Legislature is assigned the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

H: PENSION PLANS (Continued)

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2017, for the JEF and covered employees were as follows:

	<u>JEF</u>	<u>Employees</u>
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	19.00%	8.25%
School Employees' Retirement System (LSERS)	27.3%	7.5%- 8.00%
State Employees' Retirement System (LASERS)	35.8%	7.50% - 8.00%

The contributions made to the Systems for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	\$ 419,680	\$ 471,957	\$485,508
School Employees' Retirement System (LSERS)	11,059	10,949	12,575
State Employees' Retirement System (LASERS)	1,000,021	1,016,220	982,228

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

The following schedule lists the JEF's proportionate share of the Net Pension Liability allocated by each of the pension plans based on the June 30, 2016 measurement date. The JEF uses this measurement to record its Net Pension Liability and associated amounts as of June 30, 2017 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2016 along with the change compared to the June 30, 2015 rate. The JEF's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

H: PENSION PLANS (Continued)

	Net Pension Liability at June 30, 2016	Rate at June 30, 2016	Increase (Decrease) on June 30, 2015 Rate
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	\$ 4,998,373	2.7018%	0.1114%
School Employees' Retirement System (LSERS)	100,004	0.0133%	0.0018%
State Employees' Retirement System (LASERS)	<u>11,611,568</u>	0.1479%	0.0177%
	<u>\$16,709,945</u>		

The following schedule list each pension plan's recognized pension expense plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions by the JEF for the year ended June 30, 2017:

	Pension Expense	Amortization	Total
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	\$ 646,393	\$ 1,602	\$ 647,995
School Employees' Retirement System (LSERS)	13,904	307	14,211
State Employees' Retirement System (LASERS)	<u>1,193,481</u>	<u>635,355</u>	<u>1,828,836</u>
	<u>\$ 1,853,778</u>	<u>\$ 637,264</u>	<u>\$2,491,042</u>

At June 30, 2017, the JEF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,731	\$ 280,555
Changes of assumptions	310,208	2,643
Net difference between projected and actual earnings on pension plan investments	2,321,295	
Changes in proportion and differences between employer contributions and proportionate share of contributions	834,305	468,385
Employer contributions subsequent to the measurement date	1,430,760	-
Total	<u>\$ 4,954,299</u>	<u>\$ 751,583</u>

H: PENSION PLANS (Continued)

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	\$ 1,646,011	\$ 403,802
School Employees' Retirement System (LSERS)	35,009	9,531
State Employees' Retirement System (LASERS)	3,273,279	338,250
	<u>\$ 4,954,299</u>	<u>\$ 751,583</u>

The JEF reported a total of \$1,430,760 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in Net Pension Liability in the year ended June 30, 2017. The following schedule list the pension contributions made subsequent to the measurement period for each pension plan:

	<u>Subsequent Contribution</u>
Louisiana Clerks' of Court Retirement and Relief Fund (COC)	\$ 419,680
School Employees' Retirement System (LSERS)	11,059
State Employees' Retirement System (LASERS)	1,000,021
	<u>\$1,430,760</u>

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>	<u>COC</u>	<u>LSERS</u>	<u>LASERS</u>	<u>Total</u>
2018	\$ 145,696	\$ 875	\$ 423,544	\$ 570,115
2019	145,696	4,173	604,437	754,306
2020	324,205	5,725	562,038	891,968
2021	206,929	3,646	344,989	555,564
	<u>\$ 822,526</u>	<u>\$ 14,419</u>	<u>\$1,935,008</u>	<u>\$ 2,771,953</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2016 are as follows:

H: PENSION PLANS (Continued)

Clerks' of Court (COC)

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	5 years
Investment Rate of Return	7.00% net of investment expenses
Inflation Rate	2.50% per annum
Mortality	RP-2000 Employee Table (set back 4 years for males and 3 years for RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females). RP-2000 Healthy Annuitant Table (set forward 1 year for males).
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2009-2014) experience study of the System's members.
Salary Increases	2.5% Merit
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

H: PENSION PLANS (Continued)

LSERS

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	3 years
Investment Rate	
of Return	7.125% per annum
Inflation Rate	2.625%
Mortality	Mortality rates based on the RP-2000 Sex Distinct Mortality Table.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2008-2012) experience study of the System's members.
Salary Increases	Salary increases were projected based on the 2008-2012 experience study of the Plan's members ranging from 3.075% to 5.375%.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

H: PENSION PLANS (Continued)

LASERS

Valuation Date	June 30, 2016																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining																			
Service Lives	3 years																		
Investment Rate of Return	7.75% per annum.																		
Inflation Rate	3.0% per annum																		
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy 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:																		
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Member Type</u></th> <th style="text-align: center;"><u>Lower Range</u></th> <th style="text-align: center;"><u>Upper Range</u></th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">13.00%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">3.00%</td> <td style="text-align: center;">5.50%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.60%</td> <td style="text-align: center;">14.50%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	4.00%	13.00%	Judges	3.00%	5.50%	Corrections	3.60%	14.50%	Hazardous Duty	3.60%	14.50%	Wildlife	3.60%	14.50%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	4.00%	13.00%																	
Judges	3.00%	5.50%																	
Corrections	3.60%	14.50%																	
Hazardous Duty	3.60%	14.50%																	
Wildlife	3.60%	14.50%																	
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.																		

H: PENSION PLANS (Continued)

The following schedule list the methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

Clerks' of Court	LSERS	LASERS
<p>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 expenses 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. The long term expected rate of return was 7.20%, for the year ended June 30, 2016.</p>	<p>The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These 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.</p>	<p>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 8.72% for 2016.</p>

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2016:

H: PENSION PLANS (Continued)

Asset Class	Target Allocation			Long-Term Expected Real Rate of Return		
	COC	LSERS	LASERS	COC	LSERS	LASERS
Cash	-	-	-	-	-	-
Domestic equity	28.00%	51.00%	25.00%	8.25%	3.10%	4.31%
International equity	27.00%	-	32.00%	17.50%	-	5.48%
Domestic fixed income	20.00%	30.00%	12.00%	2.50%	1.82%	1.63%
International fixed income	-	-	2.00%	-	-	2.47%
Alternatives	15.00%	13.00%	22.00%	10.00%	0.79%	7.42%
Global asset allocation	-	-	7.00%	-	-	2.92%
Real estate assets	10.00%	6.00%	-	4.75%	0.36%	-
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>		<u>6.07%</u>	
Inflation					<u>2.00%</u>	
Expected Arithmetic Nominal Return					<u>8.07%</u>	

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for COC, LSERS and LASERS was 7.00%, 7.125% and 7.75, respectively for the year ended June 30, 2016.

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

The following table presents the JEF's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the JEF'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 each of the Retirement Systems:

H: PENSION PLANS (Continued)

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
Clerks' of Court			
Rates	6.00%	7.00%	8.00%
Court's Share of NPL	\$ 7,112,592	\$ 4,998,373	\$ 3,203,826
LSERS			
Rates	6.125%	7.125%	8.125%
Court's Share of NPL	\$ 131,277	\$ 100,004	\$ 73,211
LASERS			
Rates	6.75%	7.75%	8.75%
Court's Share of NPL	\$ 14,265,886	\$ 11,611,568	\$ 9,356,230

Payables to the Pension Plan

The JEF recorded accrued liabilities to each of the Retirement Systems for the year ended June 30, 2017 mainly due to the accrual for payroll at the end of each of the fiscal years. The amounts due are included in liabilities under the amounts reported as accounts, salaries and other payables. The balance due to each for the retirement systems at June 30, 2017 and 2016 is as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
COC	\$ 16,018	\$ 17,110
LSERS	441	393
LASERS	41,292	35,340
	<u>\$ 57,751</u>	<u>\$ 52,843</u>

I: OTHER POST EMPLOYMENT BENEFITS

The JEF is a component unit of the City-Parish and its employees participate in the City-Parish health benefits program. The City-Parish's other post employment benefits plan (OPEB) is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members.

Retirees may continue their coverage under the City-Parish's health plans in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices,

I: OTHER POST EMPLOYMENT BENEFITS (Continued)

upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. If the participant meets the criteria for retirement, the government pays the following percentages of scheduled premiums:

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

Funding policy

The contribution requirements of the employees/retirees and the City-Parish and participating City-Parish employers are established in the annual City-Parish operating budget and may be amended in subsequent years. During 2016, the dental plan was funded with employees and retirees contributing 48% of the dental premium and the City-Parish contributing 52% of the dental premiums. The government's health plan is a self-insured program with a third party administrator. During 2016, employees and retirees contributed 11% - 40% of the annually adopted premium base, dependent on the type of coverage chosen and the number of family members covered. The government contributed the corresponding 60% - 89% of the premium base. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

Annual OPEB Cost and Net OPEB Obligation

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of Section P50 of the GASB *Codification of Government Accounting and Financial Reporting Standards*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2015, biannual actuarial valuation performed by an outside actuary consultant. These components of OPEB were allocated to the JEF based on its proportionate share of total contributions made in the previous year.

The following table shows the components of the JEF's annual OPEB cost for the year end December 31, 2016 and the amount actually contributed to the plan during the year:

I: OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual required contribution (ARC)	\$	1,418,187
Interest on net OPEB obligation		346,008
Adjustment to ARC		(343,767)
Annual OPEB cost (expense)		<u>1,420,428</u>
Less: contributions made		<u>(472,193)</u>
Increase in net OPEB obligation		948,235
Net OPEB obligation-beginning of year		<u>8,360,794</u>
Net OPEB obligation-end of year	\$	<u><u>9,309,029</u></u>

Trend Information for OPEB Plan:

<u>Fiscal</u> <u>Year End</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
12/31/2013	1,349,387	28.1%	6,422,003
12/31/2014	1,382,813	29.6%	7,394,823
12/31/2015	1,444,671	33.1%	8,360,794
12/31/2016	1,420,428	33.2%	9,309,029

Funding status and funding progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The JEF's allocated portion of the actuarial accrued liability for benefits was approximately \$20,174,599 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funding progress for the most recent valuation date is as follows:

I: OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Valuation Date		January 1, 2015
Actuarial Accrued Liability (AAL)	\$	20,174,599
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	20,174,599
Funded Ratio (Actuarial Value of Assets/AAL)		0%
Covered Payroll (active plan members)	\$	3,574,041.00
UAAL as a percentage of covered payroll		564%

Actuarial methods and assumptions

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

The projected unit credit actuarial cost method was used for the January 1, 2015, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investment that are expected to be used in financing the payment of benefits). The actuarial assumptions included a four percent investment rate of return, compounded annually. Life expectancies were based on the Sex Distinct 2000 Combined Healthy Mortality Table projected to 2016 using Scale AA. Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability, retirement rates, and withdrawal rates are based on the government's historical data using probabilities for the government's retirement systems.

Both historical retiree claim costs and year 2015 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 2.5%, the plan assumes a medical inflation rate of 8.0% beginning in 2015, decreasing to a rate of 4.5% in 2072. The actuarial valuation also assumes that (1) seventy-five to eight-five percent of employees are assumed to elect retiree medical coverage upon retirement; (2) female spouses are assumed to be three years younger than males; (3) fifty-five percent of employees are assumed to be married at retirement and elect spouse's coverage; (4) zero percent of employees will have dependent children at retirement; (5) one hundred percent of employees will elect Medicare coverage when they are first eligible; and (6) ten percent of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age sixty-five. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age sixty-five.

The amortization method for the plan is a level percentage of the payroll with a thirty year open

I: OTHER POST EMPLOYMENT BENEFITS (Continued)

amortization. The expected long-term payroll growth rate was estimated at 3.0 percent, compounded annually. The remaining amortization period at January 1, 2015, was thirty years.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$5,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Judicial Expense Fund does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

Commissioners' Office Employees

In addition to the pension benefits described in Note H, the State of Louisiana provides post-retirement health care benefits. LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the commissioners' office to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the commissioners' employees become eligible for those benefits if they reach normal retirement age while working for the Commissioners' office. Monthly premiums are paid jointly by the employees and the employer (from the Commissioners' office appropriation) for active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMO's authorized by Group Benefits.

The Judicial Expense Fund does not recognize expenditures for these benefits since they will be included in the annual appropriation from the State of Louisiana.

J: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at June 30, 2017:

	Due to:				Total
	General Fund	Commissioners' Fund	Indigent Transcript Fund	Drug Treatment Fund	
<u>Due from:</u>					
General Fund	\$ -	\$ -	\$ 750,010	\$ 13,897	\$ 763,907
Commissioner's Fund	57,606	-	-	-	57,606
Indigent Transcript Fund	-	4,143	-	-	4,143
	<u>\$ 57,606</u>	<u>\$ 4,143</u>	<u>\$ 750,010</u>	<u>\$ 13,897</u>	<u>\$ 825,656</u>

J: INTERFUND TRANSACTIONS (Continued)

Outstanding balances between funds reported as “due to/due from other funds” includes charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

The operating transfers in or out during the year ended June 30, 2017 are as follows:

	<u>Transfers to:</u>
	General
	<u>Fund</u>
<u>Transfers from:</u>	
Indigent transcript fund	\$ 147,972

Transfers are substantially for the purposes of subsidizing operating functions. Court reporters are paid from the general fund, and the indigent transcript fund reimburses the general fund whenever the transcript is categorized as “indigent.” Whenever expenditures for the Commissioners’ offices exceed the state appropriation, the general fund covers the excess.

K: CONCENTRATIONS OF CREDIT AND OTHER RISKS

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies and the State of Louisiana. The majority of the other receivables are due from Louisiana attorneys who practice before the court. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

Included in general fund intergovernmental revenue is an appropriation from the East Baton Rouge City – Parish for salaries and related employment taxes and benefits as well as for supplies and other services in the amount of \$5,940,150. General fund intergovernmental revenue also includes funding from the Clerk of Court of East Baton Rouge Parish for salaries and related employment taxes and benefits in the amount of \$24,186, as well as \$171,807 in salaries and related employment taxes and benefits from the Louisiana State Supreme Court. The Commissioner’s fund is totally supported by an appropriation from the Louisiana Supreme Court in the amount of \$345,089. The Court is dependent upon continued funding from these entities.

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through February 24, 2018, which is the date the financial statements were available to be issued. Currently, The State of Louisiana is working on their budget which may cause additional cuts to the court’s funding.

M: CONTINGENCIES

The Nineteenth Judicial District Court Drug Lab (“Drug Lab”) is named as a defendant in a lawsuit seeking unspecified damages. The Drug Lab intends to vigorously defend this lawsuit and claim but JEF management is unable to evaluate the outcome of this matter or estimate the amount of any liability that may result from an unfavorable resolution.

REQUIRED SUPPLEMENTARY INFORMATION

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND, INDIGENT TRANSCRIPT FUND AND
DRUG TREATMENT FUND**

Year ended June 30, 2017

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>\$</u>
Budgetary fund balance - July 1, 2016	<u>\$ 2,004,076</u>	<u>\$ 2,004,076</u>	<u>\$ 2,004,076</u>	<u>\$ -</u>
Resources (inflows):				
Fees and fines:				
Clerk of Court - civil and probate filing fees	148,500	148,500	153,586	5,086
East Baton Rouge Parish Sheriff:				
Court costs	240,000	240,000	143,543	(96,457)
Court defrayment costs	20,000	20,000	3,729	(16,271)
Bail bond forfeitures	86,000	86,000	110,554	24,554
Fines	1,039,000	1,039,000	838,735	(200,265)
Indigent transcript fees	233,000	233,000	142,836	(90,164)
Drug lab fees	170,000	170,000	130,648	(39,352)
East Baton Rouge District Attorney:				
Drug enforcement forfeitures	165,000	165,000	203,400	38,400
Bail bond license fees	445,000	445,000	385,274	(59,726)
Louisiana Department of Public Safety -				
License fees	20,000	20,000	16,700	(3,300)
Intergovernmental:				
Louisiana Supreme Court:				
Drug court appropriation	375,000	375,000	360,610	(14,390)
City of B.R./Parish of E.B.R.:				
Compensation and benefits	5,816,500	5,816,500	5,940,149	123,649
Charges for services:				
Transcript charges to attorneys	200,000	200,000	158,035	(41,965)
Program fees	22,000	22,000	15,708	(6,293)
Interest	5,000	5,000	4,946	(54)
Other	23,100	23,100	232,233	209,133
Total resources	<u>9,008,100</u>	<u>9,008,100</u>	<u>8,840,686</u>	<u>(167,414)</u>
Amounts available for appropriation	11,012,176	11,012,176	10,844,762	(167,414)

Continued

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Charges to appropriations (outflows):				
District Court:				
Personal services:				
Salaries, payroll taxes and benefits	8,002,000	8,002,000	7,888,316	113,684
Supplies:				
Office supplies	67,200	67,200	67,877	(677)
Computer supplies	162,500	162,500	54,859	107,641
Drug screen lab supplies/services	83,500	83,500	78,625	4,875
Dues and subscriptions	6,000	6,000	19,352	(13,352)
Other	-	-	-	-
Contractual services:				
Legal and other professional fees	229,000	229,000	158,293	70,707
Drug treatment services	377,000	377,000	352,745	24,255
Surety bonds/group insurance	30,000	30,000	37,932	(7,932)
Other contractual services	42,400	42,400	49,100	(6,700)
Travel, meetings and conferences	68,000	68,000	63,818	4,182
Equipment repair and maintenance	55,000	55,000	31,230	23,770
Judiciary commission matters	-	-	-	-
Equipment	40,000	40,000	55,353	(15,353)
Capital outlay	-	-	-	-
Total charges to appropriations	<u>9,162,600</u>	<u>9,162,600</u>	<u>8,857,500</u>	<u>305,100</u>
Budgetary fund balance - June 30, 2017	<u>\$ 1,849,576</u>	<u>\$ 1,849,576</u>	<u>\$ 1,987,262</u>	<u>\$ 137,686</u>

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
BUDGETARY COMPARISON SCHEDULE - COMMISSIONERS' FUND**

Year ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance (deficit) - July 1, 2016	\$ -	\$ -	\$ 55,886	\$ 55,886
Resources (inflows):				
Intergovernmental:				
State of Louisiana	468,952	345,089	345,089	-
Total resources	<u>468,952</u>	<u>345,089</u>	<u>345,089</u>	<u>-</u>
Amounts available for appropriation	468,952	345,089	400,975	55,886
Charges to appropriations (outflows):				
Commissioners':				
Personal services:				
Salaries	292,202	215,036	295,511	(80,475)
Group benefits:				
Payroll taxes	4,237	3,118	2,721	396
Group insurance	32,911	24,216	29,308	(5,092)
Retirement	108,115	79,551	94,352	(14,801)
Supplies:				
Office supplies	4,600	3,385	3,350	35
Computer supplies	6,158	4,531	5,507	(976)
Dues and subscriptions	527	388	-	388
Other	-	-	-	-
Contractual services:				
Legal and other professional fees	3,666	2,697	3,200	(503)
Other contractual services	237	174	191	(17)
Parking fees	-	-	-	-
Travel, meetings and conferences	3,553	2,614	1,661	953
Equipment repair and maintenance	3,526	2,594	1,607	987
Telephone	-	-	-	-
Legal research	9,220	6,783	10,814	(4,031)
Total charges to appropriations	<u>468,952</u>	<u>345,088</u>	<u>448,222</u>	<u>(103,135)</u>
Budgetary fund balance - June 30, 2017	\$ -	\$ -	\$ (47,247)	\$ (47,249)

See accompanying notes to budgetary comparison schedules.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

June 30, 2017

Budgetary accounting and control

Budget law

The Judicial Expense Fund prepares the annual combined operating budget for the general fund, the indigent transcript fund, and the drug treatment fund under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for these funds:

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

With regard to the Commissioners' fund, which is an appropriation of the Louisiana Supreme Court for the operation of the commissioners' offices, the Judicial Budgetary Control Board governs the budget. R.S. 39:4B exempts the judiciary of the state from the State Division of Administration budgetary control, and since budgetary reporting for the Commissioners' Fund is the responsibility of the Judicial Budgetary Control Board, the Nineteenth Judicial District Court is of the opinion that the Commissioners' Fund is also not subject to the Local Government Budget Act (R.S. 39:1301-14), in particular, those requirements relating to public hearings and advertisement. Accordingly, the Commissioners' Fund budget to actual presentation will utilize the budget data formulated under the auspices of the Judicial Budgetary Control Board.

These procedures are followed in establishing the budgetary data reflected in the financial statements with regard to the special revenue fund:

- (1) An operating budget is prepared for the commissioners' fund prior to the commencement of the budgetary fiscal year and submitted to the Judicial Budgetary Control Board. The operating budget includes proposed expenditures for the upcoming year.
- (2) All funds remaining unexpended or unencumbered at year end are returnable to the state general fund at the direction of the Supreme Court.
- (3) Any surpluses occurring in the appropriation may be transferred from one line item to another during the fiscal year.

Budgetary accounting

The General Fund, Indigent Transcript Fund and the Commissioners' Fund budgets are prepared and presented using the modified accrual basis of accounting.

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND DENTAL INSURANCE PROGRAMS**
Year ended December 31, 2016

SCHEDULE OF FUNDING PROGRESS

<u>Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered ((b-a)/c)</u>
12/31/2016	1/1/2015	- \$	20,174,599	\$ 20,174,599	0.0%	\$ 3,576,041	564%
12/31/2015	1/1/2015	-	20,522,481	20,522,481	0.0%	3,546,102	579%
12/31/2014	1/1/2013	-	19,244,810	19,244,810	0.0%	3,326,713	578%
12/31/2013	1/1/2013	-	18,803,148	18,803,148	0.0%	3,250,367	578%
12/31/2012	1/1/2011	-	19,660,545	19,660,545	0.0%	3,062,645	642%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Amount Contributed</u>	<u>Percentage of Annual OPEB costs Contributed</u>	<u>Increase to Net OPEB Obligation</u>	<u>Net OPEB Obligation</u>
12/31/2016	\$ 1,420,428	\$ 472,193	\$ 33.24%	\$ 948,235	\$ 9,309,029
12/31/2015	1,444,671	478,700	33.14%	965,971	8,360,794
12/31/2014	1,382,813	409,993	29.65%	972,820	7,394,823
12/31/2013	1,349,387	379,053	28.09%	970,334	6,422,003
12/31/2012	1,290,773	358,495	27.77%	932,278	5,451,669

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year ended December 31, 2017

Fiscal Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's 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 Clerks' of Court Retirement and Relief Fund					
2017	2.7018%	\$ 4,998,373	\$ 2,311,222	216.2654%	74.1702%
2016	2.8132%	\$ 4,220,007	\$ 2,624,368	161.0000%	78.1000%
2015	2.8606%	\$ 3,857,822	\$ 2,585,873	149.1884%	79.3700%
Louisiana School Employees' Retirement System					
2017	0.0133%	\$ 100,004	\$ 39,159	255.3794%	70.0911%
2016	0.0115%	\$ 72,696	\$ 38,106	191.0000%	74.5000%
2015	0.0130%	\$ 75,412	\$ 35,516	212.3325%	76.1800%
Louisiana State Employees' Retirement System					
2017	0.1479%	\$ 11,611,568	\$ 2,704,139	429.3998%	57.7280%
2016	0.1302%	\$ 8,855,905	\$ 2,654,670	334.0000%	62.7000%
2015	0.1386%	\$ 8,664,944	\$ 2,577,012	336.2400%	65.0000%

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

The amounts presented have a measurement date of the previous fiscal year end.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
SCHEDULE OF PENSION CONTRIBUTIONS**
Year ended December 31, 2017

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Louisiana Clerks' of Court Retirement and Relief Fund					
2017	\$ 419,680	\$ 419,680	\$ -	\$ 2,440,420	17.20%
2016	\$ 471,957	\$ 471,957	\$ -	\$ 2,311,222	20.40%
2015	\$ 485,508	\$ 485,508	\$ -	\$ 2,624,368	18.50%
Louisiana School Employees' Retirement System					
2017	\$ 11,059	\$ 11,059	\$ -	\$ 40,335	27.00%
2016	\$ 10,949	\$ 10,949	\$ -	\$ 39,159	28.00%
2015	\$ 12,575	\$ 12,575	\$ -	\$ 38,106	33.00%
Louisiana State Employees' Retirement System					
2017	\$ 1,000,021	\$ 1,000,021	\$ -	\$ 2,724,188	36.71%
2016	\$ 1,016,221	\$ 1,016,221	\$ -	\$ 2,704,139	37.60%
2015	\$ 982,228	\$ 982,228	\$ -	\$ 2,654,670	37.00%

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

Amounts presented were determined as of the end of the fiscal year.

**NINETEENTH JUDICIAL DISTRICT COURT -
JUDICIAL EXPENSE FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON PENSIONS**

June 30, 2017

Changes of Benefit Terms include:

Louisiana Clerks' of Court Retirement and Relief Fund

There were no changes of benefit terms for the year ended June 30, 2017.

Louisiana School Employees Retirement System

A member who joined the System on or after July 1, 2015, is eligible for normal retirement if he has at least five years of creditable service and is at least age 62, or 20 years of creditable service regardless of age with an actuarially-reduced benefit.

Louisiana State Employees' Retirement System

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members.

Changes of Assumptions include:

Louisiana Clerks' of Court Retirement and Relief Fund

There were no changes of benefit assumptions for the year ended June 30, 2017.

Louisiana School Employees Retirement System

Increase in the investment rate of return from 7.0% in 2015, to 7.125% in 2016.

Decrease in the inflation rate from 2.75% in 2015, to 2.625% in 2016.

Decrease in the salary increase range from 3.2% to 5.5% in 2015, to 3.075% to 5.375% in 2016.

Louisiana State Employees' Retirement System

There were no changes of benefit assumptions for the year ended June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

**NINETEENTH JUDICIAL DISTRICT COURT - JUDICIAL EXPENSE FUND
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEADS**

June 30, 2017

Purpose	Ann McCrory Judicial Administrator Amount	William Morvant Judge Amount
Salary	\$ 99,561	\$ -
Benefits - insurance	6,018	-
Benefits - retirement	35,643	-
Travel - mileage reimbursement	584	-
Travel - conference hotel	1,092	396
Annual dues	464	-

Note: Judges are not required to include compensation, reimbursements and benefits received directly from the Louisiana Supreme Court. Amounts reported above were paid from funds the court administers.

Robert L. Stamey, CPA
Kimberly G. Sanders, CPA, MBA
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Wayne Dussel, CPA, CFE

Alvin J. Callais, CPA

Jonathan Clark, CPA

L.A. CHAMPAGNE & Co.
LLP
Certified Public Accountants

Member of the Private
Companies Practice
Section of the American
Institute of CPAs

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

Honorable Judges of the
Nineteenth Judicial District Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nineteenth Judicial District Court – Judicial Expense Fund, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Nineteenth Judicial District Court – Judicial Expense Fund's basic financial statements, and have issued our report thereon dated February 24, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nineteenth Judicial District Court – Judicial Expense Fund’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as items 2017-01.

Nineteenth Judicial District Court’s Response to Findings

The Nineteenth Judicial District Court’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The 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.

P.A. Champagne & Co. L.L.P.

February 24, 2018
Baton Rouge, Louisiana

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2017**

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unmodified opinion on the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund.
2. No significant deficiencies or material weaknesses in internal controls related to the audit of the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund are reported in the “Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.”
3. One instances of noncompliance material to the financial statements of the Nineteenth Judicial District Court – Judicial Expense Fund, 2017-01 was disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.
10. Not applicable.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

INTERNAL CONTROL

There were no findings that are required to be reported in this section of the report.

COMPLIANCE

2017-01 Engagement Completion and Submission

Condition: The financial statements and reports were not timely filed with the Legislative Auditor.

Cause: Director of Finance had surgery in late November with complications that caused the delay in completing the audit timely. The court was granted a two-month filing extension by the Legislative Auditor's office.

Effect: According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

Criteria: L.R.S 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

Auditor's Recommendation: Since the late submission was caused by circumstances beyond the control of the court, no specific recommendation is warranted.

Management Response: Management acknowledges the condition as described above and agrees with the auditor's recommendation.



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA

February 24, 2018

The Nineteenth Judicial District Court – Judicial Expense Fund respectfully submits the following corrective action plan for the year ended June 30, 2017.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended June 30, 2017

The findings from the 2017 schedule of findings and responses are discussed below. The findings are number consistently with the number assigned in the schedule.

COMPLIANCE

2017-01 Engagement Completion and Submission

Condition: The financial statements and reports were not timely filed with the Legislative Auditor.

Action Taken: Management acknowledges the condition as described above and agrees with the auditor's recommendation that since the late submission was caused by circumstances beyond the control of the court, no specific action is warranted.

If there are any questions regarding this plan, please call me at 225-389-4744.

A handwritten signature in cursive script that reads "Ann McCrory".

Ann McCrory
Judicial Administrator
Nineteenth Judicial District Court – Judicial Expense Fund

**NINETEENTH JUDICIAL DISTRICT COURT –
JUDICIAL EXPENSE FUND
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**
Year Ended June 30, 2017

2016-01 Engagement Completion and Submission

Repeated in current year as finding 2017-01.

2016-02 Budget Completion and Submission

Resolved. The Court's budget for the fiscal year ending June 30, 2018, was completed, advertised, made available for public inspection, and adopted in accordance with L.R.S 39:1306.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Honorable Judges of the Nineteenth Judicial District Court:

We have performed the procedures enumerated below, which were agreed to by the Nineteenth Judicial District Court (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget:

Written policies and procedures were obtained and do address the functions noted above.

- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do address the functions (1), (3), (4), and (5) noted above. The written policies and procedures do not reference the function of how vendors are added to the vendor list noted above as (2).

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

Written policies and procedures were obtained and do address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits:

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address function (1) noted above. The written policies and procedures do not reference the function of reviewing and approving time and attendance records, including leave and overtime worked noted above as (2).

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

Written policies and procedures were obtained and do address function (1), (3), (4), and (5) noted above. The written policies and procedures do not reference the function of standard terms and conditions noted above as (2).

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written documentation provided states 19th JDC is not able to issue or service debt.

Board (or Finance Committee, if applicable)

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

Obtained and reviewed minutes of the full Judges meeting for the fiscal period noting that the Judges met monthly with a quorum except no meeting was held in December and March.

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

Minutes reviewed did not include monthly budget-to-actual comparisons for the General Fund and major funds identified as such.

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

Deficit spending was not noted during the fiscal period.

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

The minutes do reference non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Obtained a listing of client bank accounts from management and management provided representation that the listing is complete.

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

or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared:

Bank reconciliations have been prepared for all months.

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

Evidence of management's review of the bank reconciliations for each month were noted.

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

Bank reconciliations for the payroll account listed one check totaling \$150 that was outstanding for more than 6 months and there was documentation by management noting the item was researched.

Collections

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

Obtained listing of cash collection locations and management provided representation that the listing is complete.

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

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

Written documentation was obtained and it was noted that the functions addressed above were implemented in accordance with policy.

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

Written documentation was obtained and it was noted that the functions addressed above were implemented in accordance with policy.

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

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

Collection documentation was obtained for the selected cash collections and it was noted that deposits were made within one to seventeen days of collection. The entity's cash collection received mainly consisted of checks delivered through the United States Post Office. At the time there was not a policy requiring a notation of date received. Therefore, the check date was used as the collection date. Currently the client is noting the date received on all cash collections.

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

Daily cash collections selected were completely supported by documentation.

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

Written documentation was obtained and it was noted that the functions addressed above were implemented in accordance with policy.

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

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

Obtained listing of disbursements and management provided representation that the listing is complete.

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

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

Examined supporting documentation for each of the disbursements selected and noted that six of the twenty-five disbursements were initiated using a purchase order.

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

Examined supporting documentation for each of the disbursements selected and noted six of the twenty-five disbursements had appropriate approval of purchase orders by a person who did not initiate the transaction.

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

Examined supporting documentation for each of the disbursements selected and noted six of the twenty-five disbursements had appropriate purchase order, receiving report, and approved invoices.

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

Written policies and procedures were obtained and do address the functions noted above.

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

Written policies and procedures provided do address the separation of signatory authority from initiating or recording of purchases.

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

Supply of unused checks are maintained in the Finance Director's locked desk drawer. Checks require two signatures with one being the Finance Director.

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

The entity utilizes one signature stamp which is maintained by the administrative assistant. Signed checks are maintained under the control of the administrative assistant until mailed.

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

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

Obtained a listing of all active credit cards and management provided representation that the listing is complete.

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

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

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

the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality): these instances should not be reported.]

Documentation of review noted for each monthly statement selected.

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

No finance charges and/or late fees were assessed on the selected statements.

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

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Examined transaction detail and no exceptions noted.

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

Examined transaction detail and no exceptions noted.

Travel and Expense Reimbursement

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

Obtained listing of travel and expense reimbursements by person and management provided representation that the listing is complete.

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

Written policies and procedures were obtained from management. The entity maintains separate policies for the Judges and another for court employees. The Judges stated per diem rates are established by the LA Supreme Court and exceed the U.S. General Services Administration rate.

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

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

Expenses selected were reimbursed and prepaid in accordance with written policies.

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

Expenses selected were supported by documentation that identified what was purchased.

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

No exceptions noted.

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

Documentation required by written policy noted for each expense reimbursement selected.

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

No exceptions noted.

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

Each expense reimbursement selected was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Obtained listing of all contracts in effect and management provided representation that the listing is complete.

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

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

A contract supporting the service arrangements was noted for the vendors selected.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder):

Contracts selected complied with all legal requirements per the Louisiana Public Bid Law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Two of the five contracts were not subject to the Louisiana Public Bid Law and one contract was deemed a single source vendor.

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

Two of the five contracts selected for review were amended. The copier lease was amended which included an increase of \$0.0014 per page over the monthly allotted copies. Also, a building lease was amended to include an increase of \$392 to cover janitorial services.

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

The invoices and related payments selected complied with the terms and conditions of the contract.

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

Board approval is not required.

Payroll and Personnel

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

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

Each employee selected was paid in accordance with the terms and conditions of the employment contract or pay rate structure.

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

Changes to pay rates during the fiscal period for selected employees were approved in writing.

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

- a) Report whether all selected employees/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.)

Documentation of daily attendance and leave was noted for each selected employee.

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

Documentation of supervisor approval for attendance and leave was noted for each selected employee.

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

Documentation of written leave records were maintained for employees selected.

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

Obtained listing of employees terminated during the fiscal period and management provided representation that the listing is complete.

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

Obtained supporting documentation relating to payroll taxes and retirement contributions during the fiscal period noting that related payments and required reporting forms were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

Ethics compliance documentation was filed in the five randomly selected employees’ employee file.

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

No alleged ethics violations were reported to the entity during the fiscal period.

Debt Service (excluding nonprofits)

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

No debt was issued during the fiscal period.

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

There was no outstanding debt during the fiscal period.

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

There were no tax millages relating to debt service during the fiscal year.

Other

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

Management has asserted that the entity did not have any misappropriations of public funds or assets during the reporting period.

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

Required notices are posted on the entity's premises and website.

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

No exceptions noted.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana
February 24, 2018