

**THE SECOND JUDICIAL DISTRICT COURT  
PARISHES OF BIENVILLE, CLAIBORNE  
AND JACKSON, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2021**

The Second Judicial District Court  
 Parishes of Bienville, Claiborne and Jackson, Louisiana  
 Annual Financial Report  
 June 30, 2021

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The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Annual Financial Report  
June 30, 2021

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THE SECOND JUDICIAL DISTRICT COURT  
PARISHES OF BIENVILLE, CLAIBORNE  
AND JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Second Judicial District Court's financial performance presents a narrative overview and analysis of the District Court's financial activities for the year ended June 30, 2021. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Second Judicial District Court's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

The District Court's assets exceeded its liabilities (net position) by \$795,903 on June 30, 2021, and \$650,165 on June 30, 2020. Total net position is comprised of the following:

	<u>2021</u>	<u>2020</u>
Capital assets, net of accumulated depreciation	\$ 16,591	\$ 8,912
Unrestricted net position which represent the portion available to maintain continuing obligations to citizens and creditors	<u>779,312</u>	<u>641,253</u>
Total	<u>\$795,903</u>	<u>\$650,165</u>

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities provide information about the activities of the District Court as a whole and present a longer-term view of the District Court's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District Court uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

OTHER INFORMATION

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Total governmental funds had an ending fund balance of \$1,340,028 at June 30, 2021, and \$1,296,761 at June 30, 2020.

FINANCIAL ANALYSIS OF THE DISTRICT COURT AS A WHOLE

Changes in net position may be observed and used to discuss the changing financial position of the District Court as a whole. The following provides a summary of the District Court's net position:

## Summary of Net Position

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash & Cash Equivalents	\$1,321,078	\$1,268,493
Receivables	43,718	53,017
Capital Assets (net)	<u>16,591</u>	<u>8,912</u>
Total Assets	<u>\$1,381,387</u>	<u>\$1,330,422</u>
DEFERRED OUTFLOWS OF RESOURCES:	<u>\$ 209,517</u>	<u>\$ 112,597</u>
LIABILITIES:		
Accounts Payable	\$ 10,362	\$ 7,345
Accrued Expenses	14,406	17,404
Net Pension Liability	<u>746,097</u>	<u>689,136</u>
Total Liabilities	<u>\$ 770,865</u>	<u>\$ 713,885</u>
DEFERRED INFLOWS OF RESOURCES:	<u>\$ 24,136</u>	<u>\$ 78,969</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 16,591	\$ 8,912
Unrestricted	<u>779,312</u>	<u>641,253</u>
Total Net Position	<u>\$ 795,903</u>	<u>\$ 650,165</u>

The following table provides a summary of the District Court's changes in net position:

	<u>2021</u>	<u>2020</u>
REVENUES:		
Program Revenues:		
Fees, fines & Charges for Services	\$571,081	\$592,677
Operating and Capital Grants	151,287	147,101
General Revenues:		
Miscellaneous	<u>71,749</u>	<u>42,413</u>
Total Revenues	\$794,117	\$782,191
EXPENSES:		
Judicial	<u>648,378</u>	<u>544,548</u>
Change in Net Position	\$145,739	\$237,643
Beginning Net Position	<u>650,164</u>	<u>412,522</u>
Ending Net Position	<u>\$795,903</u>	<u>\$650,165</u>

### BUDGETARY HIGHLIGHTS

In addition to the basic financial statements and accompanying notes, this report also presents Other Required Supplementary Information consisting of a comparison of budgeted revenues and expenditures to actual revenues and expenditures. For the General Fund, the actual revenues and other sources were \$136,310 more than the budgeted amount for the year and expenditures were \$35,097 more than the budgeted amount for the year.

### DEBT ADMINISTRATION

Long-term debt of the District Court includes recognized net pension liability based on actuarially determined amounts in accordance with GASB No. 68 in the amount of \$746,097.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source is fees and fines received from the civil and criminal court fees. As there are minimal changes expected in the next fiscal year, the budget for FY 2021/2022 should not significantly differ from FY 2020/2021.

### CONTACTING THE DISTRICT COURT OFFICE

This financial report is designed to provide a general overview of the District Court's finances, compliance with governmental financial reporting laws and regulations and demonstrate the District Court's commitment to public accountability. If you have additional questions about this report or would like to request additional information, contact the Honorable Glenn Fallin, at Courthouse, Arcadia, Louisiana, 71001.

**T | C | B | T**  
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*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

To the Honorable Glenn Fallin, Judge  
The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana

**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 Second Judicial District Court (District Court) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District Court's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

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

**Auditors' 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinions.

## **Opinions**

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 District Court as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District Court's basic financial statements. The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Justice System Funding Schedule – Receiving Entity, listed as other supplementary information in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the Justice System Funding Schedule – Receiving Entity, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 Budgetary Comparison Schedules, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, and the Justice System Funding Schedule – Receiving Entity are fairly stated in all material respects in relation to the financial statements as a whole.



*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of the District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District Court's internal control over financial reporting and compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

November 19, 2021

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Net Position  
June 30, 2021

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$1,321,078
Revenue Receivables	<u>43,718</u>
Total Current Assets	\$1,364,796
Noncurrent Assets-	
Capital Assets (Net)	<u>16,591</u>
Total Assets	\$1,381,387
DEFERRED OUTFLOWS OF RESOURCES:	\$ <u>209,517</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 10,362
Accrued Expenses	<u>14,406</u>
Total Current Liabilities	\$ 24,768
Long-term Liabilities-	
Net Pension Liability	<u>746,097</u>
Total Liabilities	\$ <u>770,865</u>
DEFERRED INFLOWS OF RESOURCES:	\$ <u>24,136</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 16,591
Unrestricted	<u>779,312</u>
Total Net Position	\$ <u><u>795,903</u></u>

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Activities  
June 30, 2021

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Fees, Fines, Commissions, And Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial	<u>\$648,378</u>	<u>\$571,081</u>	<u>\$151,287</u>	<u>\$0</u>	<u>\$ 73,990</u>
General Revenues:					
					\$ 9,419
					<u>62,330</u>
					<u>\$ 71,749</u>
					\$145,739
					<u>650,164</u>
					<u>\$795,903</u>

See independent auditors' report and notes to the financial statements.

## FUND FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Balance Sheet-Governmental Funds  
June 30, 2021

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Fund	Special Revenue Funds Probation Fund	IV-D Collection Fund	FINS Fund	
<b>ASSETS:</b>					
Cash & Cash Equivalents	\$330,514	\$427,188	\$510,546	\$52,830	\$1,321,078
Revenue Receivables	<u>28,095</u>	<u>440</u>	<u>15,183</u>	<u>0</u>	<u>43,718</u>
Total Assets	<u>\$358,609</u>	<u>\$427,628</u>	<u>\$525,729</u>	<u>\$52,830</u>	<u>\$1,364,796</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 10,095	\$ 0	\$ 0	\$ 267	\$ 10,362
Accrued Expenses	<u>14,406</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,406</u>
Total Liabilities	<u>\$ 24,501</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 267</u>	<u>\$ 24,768</u>
<b>FUND BALANCE:</b>					
Restricted for:					
Special Purposes	\$ 0	\$427,628	\$525,729	\$52,563	\$1,005,920
Unassigned	<u>334,108</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>334,108</u>
Total Fund Balances	<u>\$334,108</u>	<u>\$427,628</u>	<u>\$525,729</u>	<u>\$52,563</u>	<u>\$1,340,028</u>
Total Liabilities and Fund Balances	<u>\$358,609</u>	<u>\$427,628</u>	<u>\$525,729</u>	<u>\$52,563</u>	<u>\$1,364,796</u>

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2021

Total Governmental Fund Balances \$1,340,028

Amounts reported for Governmental Activities  
in the Statement of Net Position are different because:

The following used in Governmental Activities are not  
current financial resources and, therefore, are not reported  
in the Governmental Funds Balance Sheet:

Capital Assets	340,868
Less, Accumulated Depreciation	(324,277)
Deferred Outflows	209,517

The following are not due and payable in the current period  
and, therefore, are not reported in the Governmental Fund  
Balance Sheet:

Net Pension Liability	(746,097)
Deferred Inflows	<u>(24,136)</u>

Total Net Position of Governmental Activities at June 30, 2021 \$ 795,903

See independent auditors' report and notes to the financial statements.



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
in Fund Balance-Governmental Funds  
June 30, 2021

	Major Funds			Nonmajor Fund	Total Governmental Funds
	General Fund	Special Revenue Funds Probation Fund	IV-D Collection Fund	FINS Fund	
REVENUES:					
Intergovernmental-					
State	\$ 12,733	\$ 0	\$ 0	\$32,143	\$ 44,876
Parish	106,411	0	0	0	106,411
Fees & Fines-					
Civil Fees	33,365	0	0	0	33,365
Criminal Court Fees	275,185	90,434	172,097	0	537,716
Miscellaneous-					
Interest	2,875	3,970	2,536	38	9,419
Other	<u>62,330</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>62,330</u>
Total Revenues	\$ <u>492,899</u>	\$ <u>94,404</u>	\$ <u>174,633</u>	\$ <u>32,181</u>	\$ <u>794,117</u>
EXPENDITURES:					
Current-					
Judicial-					
Auto	\$ 16,200	\$ 0	\$ 0	\$ 0	\$ 16,200
Books & Library	34,531	0	0	0	34,531
Conference & Seminars	2,375	3,000	0	185	5,560
Contracted Services, Personnel Services, & Benefits	405,053	42,600	36,000	26,526	510,179
Dues & Subscriptions	1,300	185	0	0	1,485
Insurance	32,706	735	0	0	33,441
Legal & Accounting	18,578	0	0	0	18,578
Miscellaneous	617	10	350	0	977
Office Supplies	54,466	9,252	365	931	65,014
Repairs & Maintenance	4,186	2,711	0	0	6,897
Travel	27,832	0	0	0	27,832
Utilities & Telephone	19,222	0	0	1,403	20,625
Capital Outlay	<u>9,531</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,531</u>
Total Expenditures	\$ <u>626,597</u>	\$ <u>58,493</u>	\$ <u>36,715</u>	\$ <u>29,045</u>	\$ <u>750,850</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(133,698)</u>	\$ <u>35,911</u>	\$ <u>137,918</u>	\$ <u>3,136</u>	\$ <u>43,267</u>

Continued next page

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
in Fund Balance-Governmental Funds  
June 30, 2021

	<u>Major Funds</u>			<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Probation Fund</u>	<u>IV-D Collection Fund</u>	<u>FINS Fund</u>	
OTHER FINANCING SOURCES (USES):					
Operating Transfer In	\$ 136,411	\$ 0	\$ 0	\$ 0	\$ 136,411
Operating Transfer Out	<u>0</u>	<u>(7,170)</u>	<u>(124,629)</u>	<u>(4,612)</u>	<u>(136,411)</u>
Total Other Financing	\$ <u>136,411</u>	\$ <u>(7,170)</u>	\$ <u>(124,629)</u>	\$ <u>(4,612)</u>	\$ <u>0</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	\$ 2,713	\$ 28,741	\$ 13,289	\$ (1,476)	\$ 43,267
Fund Balances- Beginning of Year	<u>331,395</u>	<u>398,887</u>	<u>512,440</u>	<u>54,039</u>	<u>1,296,761</u>
Fund Balances- End of Year	\$ <u>334,108</u>	\$ <u>427,628</u>	\$ <u>525,729</u>	\$ <u>52,563</u>	\$ <u>1,340,028</u>

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2021

Net Change in Fund Balance-Governmental Funds \$ 43,267

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

Some revenues reported in the Statement of Activities do not provide current financial resources and these are not reported as revenues in governmental funds. 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 the funds. These timing differences are summarized below:

Capital Outlay	9,531
Depreciation Expense	(1,851)
Pension Expense	<u>94,792</u>

Net Change in Net Position per Statement of Activities \$145,739

See independent auditors' report and notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2021

Introduction:

The Second Judicial District Court (District Court) of Louisiana is comprised of the parishes of Bienville, Claiborne and Jackson located in north Louisiana. The District Court includes three judges with one judge being designated as the chief judge. The District Court may collect fees on civil suits and criminal cases to aid in the administering of the District Court and of the offices of the individual judges; these fees cannot be used for salaries to the judges. The judges are elected by the qualified electors of the judicial district for a term of six years.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the Second Judicial District Court includes all funds that are within the oversight responsibility of the District Court. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the District Court is deemed to be a separate reporting entity. Certain units of local government over which the District Court exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the three parishes, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Court.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2021

C. Fund Accounting-

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

The District Court maintains four funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The major funds of the District Court are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the District Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds-

Probation Fund

Code of Criminal Procedure Article 894 A(1) stated that as of 1989, the Department of Probation and Parole would not supervise probation in misdemeanor cases. Article 894 A(1) authorized the court to place the defendant on probation with a "probation office" designated by the court upon such conditions as the court may fix. Additionally, Article 895 I(C) of the Code of Criminal Procedure provides for a monthly probation fee to be paid to the agency providing supervision. The Probation Fund was established as the designated "probation office". The Probation Fund accounts for the collection of the monthly probation fees and expenditures of maintaining the probation offices.

IV-D Collection Fund

The IV-D Collection Fund accounts for the collection of a five percent fee assessed on child support payments as provided by Louisiana Revised Statute 46:236.5 and the expenditures related to the establishment, modification, and enforcement of support obligations.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2021

D. Measurement Focus/Basis of Accounting-

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

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District Court as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Court considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District Court.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Court maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

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Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Fixtures & Equipment	5-7 years
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#### Pensions-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### Deferred Outflows/Inflows of Resources-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows or financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

#### Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

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



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When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

The General Fund has an unassigned fund balance of \$334,108. If applicable, the District Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the District Court adopts a budget for the General Fund and each Special Revenue Fund for the next fiscal year. The budgets are open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budgets are prepared on the modified accrual basis of accounting.

G. Estimates-

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

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2. Cash and Cash Equivalents:

The cash and cash equivalents of the District Court are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District Court will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 District Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District Court's name.

At June 30, 2021, the District Court had cash and cash equivalents with a carrying balance totaling \$1,321,078 and bank balances totaling \$1,339,168. Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the District Court. All of the Second Judicial District Court's deposits were properly secured at June 30, 2021. Of the \$1,339,168 in bank balances, \$1,159,265 was secured by federal deposit insurance and \$179,903 was secured by pledged securities.

3. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2021, is as follows:

<u>Activities</u>	<u>Balance 07-01-20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-21</u>
Capital Assets Depreciated:				
Office Furniture, Fixtures & Equipment	\$331,337	\$9,531	\$0	\$340,868
Less, Accumulated Depreciation:				
Office Furniture, Fixtures & Equipment	<u>322,426</u>	<u>1,851</u>	<u>0</u>	<u>324,277</u>
Net Capital Assets	<u>\$ 8,911</u>	<u>\$7,680</u>	<u>\$0</u>	<u>\$ 16,591</u>

Depreciation expense of \$1,851 was charged to the Judicial function.

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4. Compensated Absences:

Employees of the Second Judicial District Court cannot carry leave forward from year to year. Therefore, there is no accrual made for compensated absences.

5. Pension Plan:

*Plan Description*

The District Court contributes to Louisiana State Employees' Retirement System (LASERS) which is a cost-sharing multiple employer defined benefit pension plan. All full-time administrative employees are required to participate in the System. Excluded by law are independent contractors and certain other non-employee relationships. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.laseronline.org](http://www.laseronline.org).

*Benefits Provided*

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

**Retirement**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006 may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 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. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

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

#### **Deferred Retirement Benefits**

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

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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.

### **Disability Benefits**

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

### **Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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

### **Permanent Benefit Increases/Cost-of-Living Adjustments**

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

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*Contributions*

The employer contribution rate is established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2018 were as follows:

<u>Plan</u>	<u>Plan Status</u>	<u>Employer Contribution Rate</u>
Appellate Law Clerks	Closed	40.70%
Appellate Law Clerks hired on or after 7/1/06	Open	40.70%
Alcohol Tobacco Control	Closed	33.90%
Bridge Police	Closed	39.80%
Bridge Police hired on or after 7/1/06	Closed	39.80%
Corrections Primary	Closed	36.90%
Corrections Secondary	Closed	40.70%
Harbor Police	Closed	7.70%
Hazardous Duty	Open	41.70%
Judges hired before 1/1/2011	Closed	42.40%
Judges hired after 12/31/2010	Closed	42.00%
Judges hired on or after 7/1/15	Open	42.00%
Legislators	Closed	40.40%
Optional Retirement Plan (ORP)		
Hired before 7/1/06	Closed	40.70%
Hired on or after 7/1/06	Closed	40.70%
Peace Officers	Closed	39.40%
Regular Employees		
Hired before 7/1/06	Closed	40.70%
Hired on or after 7/1/06	Closed	40.70%
Hired on or after 1/1/2011	Closed	40.70%
Hired on or after 7/1/15	Open	40.70%
Special Legislative Employees	Closed	42.40%
Wildlife Agents	Closed	49.70%
<b>Aggregate Rate</b>		<b>40.80%</b>

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The District Court's contractually required composite contribution rate for the year ended June 30, 2021 was 40.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the District Court were \$98,065 for the year ended June 30, 2021.

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

At June 30, 2021 and 2020, the District Court reported a liability of \$746,097 and \$689,136, respectively for its proportionate share of the Net Pension Liabilities. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District Court's proportion of the Net Pension Liability was based on a projection of the District Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District Court's proportion was .009021%, which was a decrease of .00049% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District Court recognized pension expense of \$96,132 minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$92,860.

At June 30, 2021, the Center 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	\$ 0	\$ 7,166
Changes in assumption	2,387	0
Net difference between projected and actual earnings on pension plan investments	109,065	0
Changes in employer's proportion of beginning net pension liability	0	16,947
Differences between employer contributions and proportionate share of employer contributions	0	23
Subsequent Measurement Contributions	98,065	0
Total	\$209,517	\$24,136

The deferred outflows of resources related to pensions resulting from the District Court contributions subsequent to the measurement date in the amount of \$98,065, will be recognized as a reduction of the Net Pension Liabilities in the year of June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (3,079)
2023	31,451
2024	33,704
2025	25,240
Total	\$87,316

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*Actuarial Assumptions*

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

Valuation Date	June 30, 2020																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining Service Lives	2 years.																		
Investment Rate of Return	7.55% per annum.																		
Inflation Rate	2.30% per annum.																		
Mortality	Non-disabled members - Mortality rates based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. 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 (2014-218) experience study of the System's members.																		
Salary Increases	Salary increases were projected based on a 2014-2018 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: left;"><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;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazard Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazard Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>																	
Regular	3.0%	12.8%																	
Judges	2.6%	5.1%																	
Corrections	3.6%	13.8%																	
Hazard Duty	3.6%	13.8%																	
Wildlife	3.6%	13.8%																	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		



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The 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 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.50% for 2020. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rates of Return</u>
Cash	-0.59%
Domestic equity	4.79%
International equity	5.83%
Domestic Fixed Income	1.76%
International Fixed Income	3.98%
Alternative Investments	6.69%
Risk Parity	4.20%
Total	5.81%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, 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.

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

The following presents the District Court's proportionate share of the Net Pension Liability using the discount rate of 7.55%, as well as what the Center's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.55%) or one percentage-point higher (8.55%) than the current rate:

	1.0% Decrease (6.55%)	Current Discount Rate (7.55%)	1.0% Increase (8.55%)
Employer's proportionate share of net pension liability	\$916,838	\$746,097	\$601,205

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*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2018 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

*Payables to the Pension Plan*

These financial statements include a payable to the pension plan of \$11,288, which is the legally required contribution due at June 30, 2021. This amount is recorded in accrued expenses.

6. Expenditures of the Judicial District Not Included in the Accompanying Financial Statements:

The accompanying financial statements do not include certain salary or administrative expenditures for the District Court paid out of the funds of the Bienville, Claiborne or Jackson Parish Police Juries or directly by the State.

7. Litigation:

Management has advised that there is no litigation pending against the Second Judicial District Court at June 30, 2021.

8. Contingencies:

Due to the ongoing restrictions and guidelines related to the COVID-19 (coronavirus) pandemic which began in March 2020, the extent to which the COVID-19 pandemic may directly or indirectly impact the District Court cannot be reasonably estimated at this time.

9. Interfund Transfers:

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$136,411	\$ 0
Special Revenue Funds-		
Probation	0	7,170
FINS	0	4,612
IV-D Collection Fund	0	<u>124,629</u>
Totals	<u>\$136,411</u>	<u>\$136,411</u>

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Transfers are primarily used to move funds from the Special Revenue Funds to the General Fund so that excess revenues can be used for governmental services.

10. Subsequent Events:

Management has evaluated events through November 19, 2021, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

The Second Judicial District Court  
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Major Fund  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021

	<u>Budget Amounts</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Intergovernmental-			
State	\$ 15,000	\$ 12,733	\$ (2,267)
Parish	80,000	106,411	26,411
Fees & Fines-			
Civil Fees	40,000	33,365	(6,635)
Criminal Court Fees	245,000	275,185	30,185
Miscellaneous-			
Interest	6,500	2,875	(3,625)
Other	<u>25,000</u>	<u>62,330</u>	<u>37,330</u>
Total Revenues	<u>\$ 411,500</u>	<u>\$ 492,899</u>	<u>\$ 81,399</u>
EXPENDITURES:			
Current-			
Judicial-			
Auto	\$ 22,000	\$ 16,200	\$ 5,800
Books & Library	32,000	34,531	(2,531)
Conferences & Seminars	10,000	2,375	7,625
Contracted Services, Personnel			
Services, & Benefits	358,500	405,053	(46,553)
Dues & Subscriptions	2,500	1,300	1,200
Insurance	30,500	32,706	(2,206)
Legal & Accounting	20,000	18,578	1,422
Miscellaneous	4,500	617	3,883
Office Supplies	27,000	54,466	(27,466)
Repairs & Maintenance	5,000	4,186	814
Travel	19,500	27,832	(8,332)
Utilities & Telephone	15,000	19,222	(4,222)
Capital Outlay	<u>45,000</u>	<u>9,531</u>	<u>35,469</u>
Total Expenditures	<u>\$ 591,500</u>	<u>\$ 626,597</u>	<u>\$ (35,097)</u>

Continued next page

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021

	<u>Budget Amounts</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Deficiency of Revenues over Expenditures	\$(180,000)	\$(133,698)	\$ 46,302
OTHER FINANCING SOURCES AND USES:			
Transfer from Probation	\$ 20,000	\$ 7,170	\$ (12,830)
Transfer from FINS	1,500	4,612	3,112
Transfer from IV-D	<u>60,000</u>	<u>124,629</u>	<u>64,629</u>
Total Other Financing	\$ <u>81,500</u>	\$ <u>136,411</u>	\$ <u>54,911</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ (98,500)	\$ 2,713	\$101,213
Fund Balance-Beginning of Year	<u>331,395</u>	<u>331,395</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>232,895</u>	\$ <u>334,108</u>	\$ <u>101,213</u>

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
Probation Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021

	Variance <u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Favorable <u>(Unfavorable)</u>
REVENUES:			
Fees, Charges, and Commissions for Services	\$ 80,000	\$ 90,434	\$ 10,434
Miscellaneous	<u>6,500</u>	<u>3,970</u>	<u>(2,530)</u>
Total Revenues	\$ <u>86,500</u>	\$ <u>94,404</u>	\$ <u>7,904</u>
EXPENDITURES:			
Current- Judicial	\$134,075	\$ 58,493	\$ 75,582
Capital Outlay	<u>12,000</u>	<u>0</u>	<u>12,000</u>
Total Expenditures	\$ <u>146,075</u>	\$ <u>58,493</u>	\$ <u>87,582</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (59,575)	\$ 35,911	\$ 95,486
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	<u>(20,000)</u>	<u>(7,170)</u>	<u>12,830</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Sources	\$ (79,575)	\$ 28,741	\$108,316
Fund Balance-Beginning of Year	<u>398,887</u>	<u>398,887</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>319,312</u>	\$ <u>427,628</u>	\$ <u>108,316</u>

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
IV-D Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2021

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES:			
Fees, Charges, and Commissions for Services	\$185,000	\$ 172,097	\$(12,903)
Miscellaneous	<u>5,000</u>	<u>2,536</u>	<u>(2,464)</u>
Total Revenues	<u>\$190,000</u>	<u>\$ 174,633</u>	<u>\$(15,367)</u>
EXPENDITURES:			
Current- Judicial	\$ 76,250	\$ 36,715	\$ 39,535
Capital Outlay	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Expenditures	<u>\$ 86,250</u>	<u>\$ 36,715</u>	<u>\$ 49,535</u>
Excess (Deficiency) of Revenues over Expenditures	\$103,750	\$ 137,918	\$ 34,168
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund	<u>(60,000)</u>	<u>(124,629)</u>	<u>(64,629)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Sources	\$ 43,750	\$ 13,289	\$(30,461)
Fund Balance-Beginning of Year	<u>512,440</u>	<u>512,440</u>	<u>0</u>
Fund Balance-End of Year	<u>\$556,190</u>	<u>\$ 525,729</u>	<u>\$(30,461)</u>

See independent auditors' report and notes to the financial statements.



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2021

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>LASERS</i>					
2015	.01214%	\$ 759,289	\$229,020	332%	65.0%
2016	.01207%	\$ 820,738	\$287,020	286%	62.7%
2017	.01537%	\$1,207,094	\$241,087	501%	57.7%
2018	.01272%	\$ 895,550	\$201,200	445%	62.5%
2019	.00978%	\$ 666,715	\$189,200	352%	64.3%
2020	.00951%	\$ 689,136	\$189,200	364%	62.9%
2021	.00902%	\$ 746,097	\$244,550	305%	58.0%

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

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Employer Contributions  
For the Year Ended June 30, 2021

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
<i>LASERS</i>					
2015	\$ 85,196	\$ 85,196	\$0	\$229,020	37.2%
2016	\$103,469	\$103,469	\$0	\$287,020	36.0%
2017	\$ 89,899	\$ 89,899	\$0	\$241,087	37.3%
2018	\$ 76,255	\$ 76,255	\$0	\$201,200	37.9%
2019	\$ 71,707	\$ 71,707	\$0	\$189,200	37.9%
2020	\$ 77,004	\$ 77,004	\$0	\$189,200	40.7%
2021	\$ 98,065	\$ 98,065	\$0	\$244,550	40.1%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2021.

See independent auditors' report and notes to the financial statements.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Compensation, Benefits and Other  
Payments to Agency Heads  
For the Year Ended June 30, 2021

Purpose	6/30/2021				
	Judge Clason Amount	Judge May Amount	Judge Fallin Amount	Judge Teat Amount	Judge Warren Amount
Salary					
Benefits - Insurance		3,270.27	3,270.27		3,270.27
Benefits - Retirement					
Deferred Compensation					
Benefits - Other					
Car Allowance	2,400.00	3,600.00	7,200.00	3,600.00	-
Vehicle provided by Government					
Cell Phone	574.04	1,428.03	1,010.53		-
Dues					
Vehicle Rental					
Per Diem		2,543.84	4,481.70		1,478.24
Reimbursements (fuel & auto)		-	1,962.05	799.50	1,608.05
Travel					
Registration Fees		1,300.00	2,095.00		945.00
Conference Travel					
Housing					
Unvouchered Expenses					
Special Meals					
Other					
<b>TOTAL</b>	<b>\$ 2,974.04</b>	<b>\$ 12,142.14</b>	<b>\$ 20,019.55</b>	<b>\$ 4,399.50</b>	<b>\$ 7,301.56</b>

See independent auditors' report.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Justice System Funding Schedule – Receiving Entity  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the Year Ended June 30, 2021

	<b>First Six Month Period Ended 12/31/2020</b>	<b>Second Six Month Period Ended 6/30/2021</b>
<b>Cash Basis Presentation</b>		
<b>Receipts From:</b> <i>(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)</i>		
<i>Claiborne Parish Sheriff, Criminal Court Costs/Fees</i>	7,805	7,190
<i>Claiborne Parish Sheriff, Criminal Fines - Other</i>	28,749	25,057
<i>Claiborne Parish Sheriff, Bond Fees</i>	2,485	4,911
<i>Jackson Parish Sheriff, Criminal Court Costs/Fees</i>	2,246	3,056
<i>Jackson Parish Sheriff, Criminal Fines - Other</i>	25,759	35,082
<i>Jackson Parish Sheriff, Bond Fees</i>	9,133	7,408
<i>Bienville Parish Sheriff, Criminal Court Costs/Fees</i>	19,880	16,447
<i>Bienville Parish Sheriff, Criminal Fines - Other</i>	36,718	36,902
<i>Bienville Parish Sheriff, Bond Fees</i>	4,818	6,568
<i>Claiborne Parish Police Jury, Criminal Fines - Other</i>	45,089	61,323
<i>Claiborne Parish Clerk of Court, Civil Fees</i>	4,964	5,229
<i>Jackson Parish Clerk of Court, Civil Fees</i>	5,782	6,205
<i>Bienville Parish Clerk of Court, Civil Fees</i>	6,137	5,058
<b>Subtotal Receipts</b>	<b>199,565</b>	<b>220,436</b>
<b>Ending Balance of Amounts Assessed but Not Received</b> <i>(only applies to those agencies that assess on behalf of themselves, such as courts)</i>	-	-

See independent auditor's report.

## OTHER REPORTS

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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

To the Honorable Glenn Fallin, Chief Judge  
The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Second Judicial District Court's (District Court) basic financial statements and have issued our report thereon dated November 19, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the District Court'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 District Court'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 as item 2021-001.

## **The Second Judicial District Court's Response to Finding**

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

## **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. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

November 19, 2021

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Audit Findings  
Year Ended June 30, 2021

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Second Judicial District Court as of and for the year ended June 30, 2021.
2. The audit did not disclose any material weaknesses in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* (2021-001).

**FINDING IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*.

Compliance-

*2021-001 Local Government Budget Act*

*Criteria* - Louisiana State Law requires that when actual revenues (including other financing sources) are less than budgeted revenues (including other financing sources) by more than 5% and/or actual expenditures (including other financing uses) are more than budgeted expenditures (including other financing uses) by 5% or more, the budget should be amended.

*Condition* - For the year ended June 30, 2021, actual revenues were less than budgeted revenues by more than the 5% variance allowed in the IV-D Fund, and actual expenses and other financing uses were more than budgeted expenditures by more than the 5% variance allowed in the General Fund and the IV-D Fund.

*Effect* - The budget cannot be used as an effective management tool to control expenditures.

*Cause* - The District Court failed to properly amend the budget for transfers between funds during the current year.

*Recommendation* - The District Court should institute procedures to ensure the budget is amended whenever actual revenues (including other financing sources) are less than budgeted revenues (including other financing sources) by more than the 5% allowed and when actual expenditures (including other financing uses) are more than budgeted expenditures (including other financing uses) by more than the 5% allowed.

*Management's Response* - The District Court has implemented procedures to monitor the budgetary comparison on a regular basis to ensure that budget amendments are made in compliance with the Local Governmental Budget Act.