

FOURTH JUDICIAL DISTRICT COURT JUDICIAL EXPENSE FUND
MONROE, LOUISIANA

Component Unit Financial Statements
And
Independent Auditors' Report
June 30, 2017



**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**COMPONENT UNIT FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017
WITH SUPPLEMENTARY INFORMATION**

C O N T E N T S

	<u>Page</u>
Independent Auditors' Report	1-2
Required Supplementary Information (Part A) Management's Discussion and Analysis	3-8
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Statement of Financial Position - Governmental Funds	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Statement of Fiduciary Net Position	13
Notes to Financial Statements	14-53
Required Supplementary Information (Part B)	
Budgetary Comparison Schedule	
General Fund (Judicial Expense Fund)	54
Special Revenue Fund (Child Support Fund)	55
Special Revenue Fund (Misdemeanor Probation Fund)	56
Special Revenue Fund (Drug Court Fund)	57
Special Revenue Fund (Juvenile Drug Court Fund)	58
Schedule of Employer's Proportionate Share of the Net Pension Liability	59
Schedule of Employer's Contributions	60
Notes to Required Supplementary Information	61
Schedule of Funding Progress for OPEB Plan	62
Supplementary Information	
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	63-64
Schedule of Findings	65
Summary Schedule of Prior Findings	66
Schedule I - Schedule of Expenditures of Federal Awards with Notes	67
Schedule II - Schedule of Judges	68
Schedule III - General Fund (Judicial Expense Fund) Schedules of Combining Accounts Balance Sheet	69
Schedule IV - Statement of Revenues, Expenditures and Changes in Fund Balance	70
Schedule V - Schedule of Compensation, Benefits, and Other Payments to Agency Heads	71

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the
Fourth Judicial District Court
Judicial Expense Fund
Monroe, Louisiana

Report on the Financial Statements

We have audited the accompanying component unit financial statements of the governmental activities and the aggregate remaining fund information and each major fund of the Fourth Judicial District Court, Judicial Expense Fund, a component unit of the Ouachita Parish Police Jury as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Court's component unit 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 and each major fund of the Fourth 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 conformity with accounting principles generally accepted in the United States of America.

Others Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-8), the budgetary comparison information (pages 56-60), the Schedule of Employer's Proportionate Share of the Net Pension Liability (page 61), and Schedule of Employer's Contributions (page 62), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fourth Judicial District Court, Judicial Expense Fund, a component unit of the Ouachita Parish Police Jury's basic financial statements. The Schedule of Expenditures of Federal Awards; the Schedules of Combining Accounts; the Schedule of Compensation, Benefits, and Other Payments to Agency Head; and the Schedule of Judges are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards; the Schedules of Combining Accounts; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards; the Schedules of Combining Accounts; and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Judges has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of the Fourth Judicial District Court, Judicial Expense Fund'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 Fourth Judicial District Court, Judicial Expense Fund's internal control over financial reporting and compliance.

Cameron, Atines & Company (APAC)

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**REQUIRED SUPPLEMENTARY INFORMATION (PART A)
MANAGEMENT DISCUSSION AND ANALYSIS**



STATE OF LOUISIANA

Fourth Judicial District Court

PARISHES OF MOREHOUSE AND OUACHITA

300 ST. JOHN ST. - SUITE 400

Monroe, Louisiana 71201

TELEPHONE (318) 361-2250

FAX (318) 361-2273

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Fourth Judicial District Court provides an overview of the Court's activities for the year ended June 30, 2017. Please read it in conjunction with the Court's financial statements.

FINANCIAL HIGHLIGHTS

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

- Liabilities of the Fourth Judicial District Court exceeded its assets at the close of the most recent fiscal year by \$1,958,749 (net position). Of this amount, \$3,369,866 (unrestricted net deficit) resulted from recognizing \$1,453,140 of post retirement benefits and \$2,782,337 of retirement benefits payable at some time in future years, and \$1,303,648 (restricted net assets) may be used to meet the Court's obligations to citizens and creditors within the Court's designation and policies.
- The Court's total net position decreased by \$1,887 during the current fiscal year.
- At the end of the most recent fiscal year, unassigned fund balance of the General Fund was \$362,936, or 23.8% of total current year General Fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Court as a whole and present a long-term view of the Court's finances. Fund financial statements tell how governmental activities were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements by also providing information about all the Court's governmental funds.

These financial statements consist of three sections: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

Reporting the Court as a Whole

The Statement of Net Position and the Statement of Activities

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 Court's net position and changes in them. The Court's net position - the difference between assets, deferred outflows, liabilities, and deferred inflows - measure the Court's financial position. The increases or decreases in the Court's net position are an indicator of whether its financial position is improving or deteriorating. Other non-financial 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 should be considered in order to assess the overall condition of the Court.

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

Reporting the Court's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Court's funds, not the Court as a whole. In addition to accounting for the court costs and fees and other revenues that finance activities of District Court, the Court also accounts for appropriations received from the Department of Health and Human Resources, State of Louisiana, related to child support cases and from the State of Louisiana Supreme Court to administer the Drug Court. The General Fund, the Child Support Fund, and the Court Services Fund are all governmental funds that are available for spending. These funds are reported using an accounting method called modified accrual 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 Court'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 Court's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

For the year ended June 30, 2017, net position changed as follows:

Beginning net position	\$ (1,956,862)
Increase (Decrease) in net position	<u>(1,887)</u>
Ending net position	<u>\$ (1,958,749)</u>

This reflects a constant level of government activities for the year, but also reflects the implementation of GASB 45. In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45: Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions. The effective date for the Court to implement this requirement was July 1, 2007. The recognition of \$55,784 of annual required contribution expense and related liability as determined by actuarial report for post retirement benefits created a deficit for the current year of \$1,958,749. The Court also had total expenditures totaling \$294,885 more than the prior year.

The Court had \$209 less court fees collected during the year ended June 30, 2017. The Court realized Supreme Court receipts related to the Drug Court and Juvenile Drug Court that decreased \$10,431 and increased \$1,619, respectively, due to lower grant awards, respectively for the current fiscal year. The warrant revenue decreased \$22,770 during the current fiscal year.

Governmental Activities

The Court's liabilities exceeded its assets at the close of the fiscal year 2017 by \$1,958,749. For the fiscal year ended June 30, 2017, the net position decreased by \$1,887 (or .1%) and the Court's revenue increased by \$24,233 (or .7%).

To aid in the understanding of the Statement of Activities some additional explanation is provided. Its format is significantly different than that of the Statement of Revenues, Expenses, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(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. Court costs and fees reported represent the majority of the revenues for the District Court function.

All other governmental revenues (such as interest) are reported as general.

THE COURT'S FUNDS

The following schedule presents a summary of general and special revenue funds net position:

Statement of Net Position (Deficit) Comparative Data

	June 30,		Variance Increased (Decreased) Amounts	Variance Increased (Decreased) Percent (%)
	2017	2016		
Capital assets, net	\$ 107,469	\$ 145,976	\$ (38,507)	(26.37)
Other assets	<u>2,131,506</u>	<u>2,237,491</u>	<u>(105,985)</u>	<u>(4.73)</u>
Total assets	<u>2,238,975</u>	<u>2,383,467</u>	<u>(144,492)</u>	<u>(6.06)</u>
Deferred outflows of resources	<u>1,530,188</u>	<u>1,141,977</u>	<u>388,211</u>	<u>33.99</u>
Total assets and deferred outflows of resources	<u>3,769,163</u>	<u>3,525,444</u>	<u>243,719</u>	<u>6.91</u>
Noncurrent liabilities	4,235,477	4,219,290	16,187	.38
Other liabilities	<u>491,238</u>	<u>466,819</u>	<u>24,419</u>	<u>5.23</u>
Total liabilities	4,726,715	4,686,109	40,606	.86
Deferred inflows of resources	<u>1,001,197</u>	<u>796,197</u>	<u>205,000</u>	<u>25.74</u>
Total net position (deficit)	<u>\$ (1,958,749)</u>	<u>\$ (1,956,862)</u>	<u>\$ (1,887)</u>	<u>.09</u>

How 2017 Compares With 2016 - Statement of Activities

The information below gives comparative data from the Statement of Activities for the fiscal years ended June 30, 2017 and 2016.

Statement of Activities Comparative Data

	June 30,		Variance Increased (Decreased) Amounts	Variance Increased (Decreased) Percent (%)
	2017	2016		
Revenues				
Program revenues	\$ 1,054,480	\$ 1,066,855	\$ (12,375)	(1.15)
General revenues	<u>2,498,248</u>	<u>2,461,640</u>	<u>36,608</u>	<u>1.48</u>
Total revenues	<u>3,552,728</u>	<u>3,528,495</u>	<u>24,233</u>	<u>.68</u>
Expenses				
Judicial Expense Fund	1,474,407	1,313,981	160,426	12.20
Child Support Fund	652,527	450,630	201,897	44.80
Court Services	<u>1,427,681</u>	<u>1,495,119</u>	<u>(67,438)</u>	<u>(4.51)</u>
Total expenses	<u>3,554,615</u>	<u>3,259,730</u>	<u>294,885</u>	<u>9.04</u>
Change in net position	<u>(1,887)</u>	<u>268,765</u>	<u>(270,652)</u>	<u>(100.70)</u>
Net position, (deficit) at beginning of year as restated	<u>(1,956,862)</u>	<u>(2,225,627)</u>	<u>268,765</u>	<u>12.07</u>
Net position, (deficit), end of year	<u>\$ (1,958,749)</u>	<u>\$ (1,956,862)</u>	<u>\$ (1,887)</u>	<u>(.09)</u>

The net position of the Court decreased by \$1,887 (or .09%) from June 30, 2016 to June 30, 2017.

The following schedule presents a summary of General and Special Revenue 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.

	FYE 2017 Amount	Percent of Total	FYE 2016 Amount	Percent of Total	Increase (Decrease) From FYE 2016	Percent Increase (Decrease)
Revenues:						
Operating grants	\$ 331,925	9%	\$ 290,737	8%	\$ 41,188	14%
Intergovernmental	2,485,991	70%	2,449,976	70%	36,015	1%
Charges for services	722,555	21%	776,118	22%	(53,563)	(7%)
Interest	8,063		8,216		(153)	(2%)
Other	<u>4,194</u>		<u>3,448</u>		<u>746</u>	<u>22%</u>
Total revenues	<u>\$ 3,552,728</u>	<u>100%</u>	<u>\$ 3,528,495</u>	<u>100%</u>	<u>\$ 24,233</u>	<u>.7%</u>

Intergovernmental revenues increased due to an increase in the court fees collected during the year. Interest revenue increased due to the interest paid on accounts during the current year.

	<u>FYE 2017 Amount</u>	<u>Percent of Total</u>	<u>FYE 2016 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From FYE 2016</u>	<u>Percent Increase (Decrease)</u>
Expenditures:						
District Court	\$ 3,662,146	99%	\$ 3,670,147	99%	\$ (8,001)	%
Capital Outlay	<u>18,193</u>	<u>1%</u>	<u>19,412</u>	<u>1%</u>	<u>(1,219)</u>	<u>(6%)</u>
Total expenditures	\$ 3,680,339	100%	\$ 3,689,559	100%	\$ (9,220)	%

The Judicial Expense and Misdemeanor Probation expenditures decreased moderately during 2017. The increase in District Court expenditures was also due to increases in salaries, reference materials, insurance, and supplies. The Child Support expenditures increased moderately during 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, the General Fund and Special Revenue Funds budgets were revised one time. The General Fund budget amendment was an decrease in warrant revenue and an increase in court fees and grant revenue. The Special Revenue Fund budget amendments were due to a decrease in Supreme Court receipts received as well as increases in professional fees, insurance, and salaries with decreases in retirement, seminars, meetings, and travel.

The actual General Fund revenues were more than the final budget by \$4,839. Actual General Fund expenditures were more than the final budget by \$3,342.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2017 the Court had \$107,469 invested in capital assets including computer equipment and office furniture and equipment (See table below).

Computer equipment, including software	\$ 24,703
Office equipment and furniture	<u>82,766</u>
Ending capital assets	\$ 107,469

This year’s major additions included computers, spam filters, and new software licenses.

Debt

At year end, the Court had a total of \$92,918 estimated for accrued compensated absences that represents the future liability for vacation earned but not used by District Court employees. That is a increase of nine percent (9%) as shown in the following table. The Court also had a total of \$1,453,140 estimated for post-retirement benefit plan payable that represents a future liability for medical and life insurance available upon retirement by District Court employees. This is the eighth year that this liability has been recognized. Net pension liability recognized by the Court was \$2,782,337 that represents a future liability for retirement by District Court employees. The pension related deferred inflows recognized by the Court was \$1,001,197 that represents contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in a subsequent period.

	<u>FYE 2017 Amount</u>	<u>FYE 2016 Amount</u>	<u>Increase (Decrease) From FYE 2016</u>	<u>Percent Increase (Decrease)</u>
Accrued Compensated Absences	\$ 92,918	\$ 85,484	\$ 7,434	9%
Post-retirement Benefit Plan Payable	\$ 1,453,140	\$ 1,397,356	\$ 55,784	4%
Net Pension Liability	\$ 2,782,337	\$ 2,821,934	\$ (39,597)	(1%)
Pension Related Deferred Inflows	\$ 1,001,197	\$ 796,197	\$ 205,000	26%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Court operations are funded by court fees, court cost, the Parishes of Morehouse and Ouachita, and the Louisiana Supreme Court. The Probation department/Drug Court Fund anticipates flat income and expense growth. The Judicial Expense Fund has been showing flat or declining revenues for several years while budgets have been trimmed back in certain areas to allow for more travel and technology improvements. This has been remedied by an increase in the revenue generating court cost by \$5 to the maximum allowed by law of \$15 per adjudicated criminal case in Morehouse Parish in 2015. Child Support Fund revenues continue to be steady but expenses were more than revenues. Reference materials were paid by the Child Support Fund during the current period. The Misdemeanor Probation Fund balance is declining at a steady rate but will remain solvent. Collections of costs and fines are showing a decrease.

SIGNIFICANT EVENTS

The implementation of the provisions of GASB 68 and 71 has had a major impact on the Fourth Judicial District Court. We have encountered many challenges with these pronouncements and determined our net pension liability and deferred inflows and outflows based upon the actuarial reports provided to us by the three different pension funds. Long-term debt now includes an accrued net pension liability of \$2,782,337, and an accrued post-employment benefit liability of \$1,453,140. See NOTE 6 and 7 for detail discussions. The payments made to reduce this long term debt do not present a problem for the Fourth Judicial District Court in the short or long term.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with general overview of the Court's finances and to show the Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Court Administrator's Office at The Fourth Judicial District Court, 300 St. John Street, Suite 400, Monroe, Louisiana, 71201.



Judge Benjamin Jones
Court Administrator
December 08, 2017

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,965,335
Accounts Receivable	486
Due From Other Governmental Units	155,843
Prepaid Expenses and Deposits	9,842
Capital Assets	<u>107,469</u>
Total Assets	\$ 2,238,975
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	\$ 1,519,584
Deferred Rent Paid	6,000
Deferred Maintenance Costs	<u>4,604</u>
Total Deferred Outflows of Resources	\$ 1,530,188
Total Assets and Deferred Outflows of Resources	\$ 3,769,163
LIABILITIES	
Accrued and Other Liabilities	\$ 58,679
Due to Other Governmental Units	339,641
Compensated Absences Payable	92,918
Post-Retirement Benefit Plan Payable	1,453,140
Net Pension Liability	<u>2,782,337</u>
Total Liabilities	\$ 4,726,715
DEFERRED INFLOWS OF RESOURCES	
Pension Related	<u>\$ 1,001,197</u>
Total Deferred Inflows of Resources	\$ 1,001,197
NET POSITION	
Net Investment in Capital Assets	\$ 107,469
Unrestricted (deficit)	(3,369,866)
Restricted	<u>1,303,648</u>
Total Net Position	\$ (1,958,749)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 3,769,163

The accompanying notes are an integral part of this financial statement.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Revenues				Changes in Net Position
	Expenses	Operating Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Grants and Contributions	
Function/Program Activities:					
Government Activities:					
Judicial Expense Fund	\$ 1,474,407	\$	\$ 101,372	\$	\$ 1,373,035
Child Support	652,527				652,527
Court Services					
Misdemeanor Probation	798,353	677,641			120,712
Drug Court	499,258	44,521	104,437		350,300
Juvenile Drug Court	<u>130,070</u>	<u>393</u>	<u>126,116</u>		<u>3,561</u>
Total Government Activities	<u>\$ 3,554,615</u>	<u>\$ 722,555</u>	<u>\$ 331,925</u>	<u>\$ 0</u>	<u>\$ 2,500,135</u>
General Revenues:					
Intergovernmental					\$ 2,485,991
Interest					8,063
Other					<u>4,194</u>
Total General Revenues					<u>\$ 2,498,248</u>
Changes in Net Position					\$ (1,887)
NET POSITION - BEGINNING					<u>(1,956,862)</u>
NET POSITION - ENDING					<u>\$ (1,958,749)</u>

The accompanying notes are an integral part of this financial statement.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

FUND FINANCIAL STATEMENTS

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**STATEMENT OF FINANCIAL POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General Fund</u>	<u>Child Support Fund</u>	<u>Misdemeanor Probation Fund</u>	<u>Drug Court Fund</u>	<u>Juvenile Drug Court Fund</u>	<u>Total Governmental Funds †</u>
ASSETS						
Cash and Cash Equivalents	\$ 521,194	\$ 755,980	\$ 675,502	\$	\$ 12,659	\$ 1,965,335
Accounts Receivable	486					486
Due From Other						
Governmental Units	27,826	64,966		36,051	27,000	155,843
Prepaid Expenses and Deposits	7,122	2,143	577			9,842
Due from Other Funds		<u>1,167</u>		<u>167,495</u>		<u>170,762</u>
Total Assets	<u>\$ 556,628</u>	<u>\$ 824,256</u>	<u>\$ 676,079</u>	<u>\$ 203,546</u>	<u>\$ 39,659</u>	<u>\$ 2,131,506</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Rent Paid	\$ 400	\$ 400	\$ 5,200	\$	\$	\$ 6,000
Deferred Maintenance Cost		<u>450</u>	<u>4,154</u>			<u>4,604</u>
Total Deferred Outflows of Resources	<u>\$ 400</u>	<u>\$ 850</u>	<u>\$ 9,354</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,604</u>
Total Assets and Deferred Outflows	<u>\$ 557,028</u>	<u>\$ 825,106</u>	<u>\$ 685,433</u>	<u>\$ 203,546</u>	<u>\$ 39,659</u>	<u>\$ 2,142,110</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accrued and Other Liabilities	\$ 33,570	\$ 7,991	\$ 4,375	\$ 10,653	\$ 2,090	\$ 58,679
Due to Other Governmental Units	106,562	38,215	140,181	38,480	16,203	339,641
Compensated Absences Payable	7,180	36,227	38,167	4,266	7,078	92,918
Due to Other Funds	<u>1,167</u>		<u>137,495</u>		<u>30,000</u>	<u>170,762</u>
Total Liabilities	<u>\$ 148,479</u>	<u>\$ 82,433</u>	<u>\$ 320,218</u>	<u>\$ 53,399</u>	<u>\$ 55,371</u>	<u>\$ 491,238</u>
Fund Balances						
Nonspendable	\$ 7,522	\$ 2,993	\$ 9,931	\$	\$	\$ 20,446
Restricted	38,091	739,680	355,284	150,147		1,283,202
Unassigned	<u>362,936</u>				<u>(15,712)</u>	<u>347,224</u>
Total Fund Balances	<u>\$ 408,549</u>	<u>\$ 742,673</u>	<u>\$ 365,215</u>	<u>\$ 150,147</u>	<u>\$ (15,712)</u>	<u>\$ 1,650,872</u>
Total Liabilities and Fund Balances	<u>\$ 557,028</u>	<u>\$ 825,106</u>	<u>\$ 685,433</u>	<u>\$ 203,546</u>	<u>\$ 39,659</u>	<u>\$ 2,142,110</u>

† After internal receivables and payables have been eliminated.

The accompanying notes are an integral part of this financial statement.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017**

Total Fund Balances - Total Governmental Funds		\$ 1,650,872
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Deferred Outflows - Pension Related		1,519,584
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	\$ 563,844	
Less Accumulated Depreciation	<u>(456,375)</u>	107,469
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Unfunded post-retirement benefit plan obligations are not financial expenditures and therefore are not reported in the funds		(1,453,140)
Net Pension Liability		(2,782,337)
Deferred Inflows - Pension Related		<u>(1,001,197)</u>
Net Position of Governmental Activities		<u>\$ (1,958,749)</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Child Support Fund	Misdemeanor Probation Fund	Drug Court Fund	Juvenile Drug Court	Total Governmental Funds
REVENUES						
Court Fees	\$ 343,247	\$ 759,468	\$ 677,641	\$ 44,521	\$ 393	\$ 1,825,270
Supreme Court Receipts				325,563		325,563
Grant Revenue	101,372			104,437	126,116	331,925
Warrant Revenue	1,057,713					1,057,713
Interest Income	1,705	3,861	2,475		22	8,063
Other Income	4,178	16				4,194
Total Revenues	\$ 1,508,215	\$ 763,345	\$ 680,116	\$ 474,521	\$ 126,531	\$ 3,552,728
EXPENDITURES						
Asset Expenditures	\$ 6,800	\$ 5,478	\$ 5,721	\$ 194	\$	\$ 18,193
Small Asset Expenditures	4,362	1,111				5,473
Court Reporter/Process Costs	2,762					2,762
Grant - State Justice Inst. Exp.	51,667	1,667	1,666			55,000
Insurance Expense	207,510	61,285	96,997	26,302	5,575	397,669
Internet Access	5,565	1,551	2,258	586	121	10,081
Miscellaneous	2,350	1,190	796			4,336
Office Supplies and Postage	15,279		5,760		760	21,799
Payroll Taxes	14,138	9,132	7,646	1,637	556	33,109
Professional Fees	64,277	35,142	38,360	186,712	56,476	380,967
Reference Material and Dues	1,888	63,048	1,640	1,916		68,492
Rent	15,202	8,586	12,618			36,406
Repair Maintenance & Warranty	2,436	2,846	13,874			19,156
Retirement Expense	190,797	96,538	62,623	15,522	5,071	370,551
Salaries	879,007	482,529	495,098	122,411	40,473	2,019,518
Seminars Meetings & Travel	51,538	2,846	2,814	8,666	908	66,772
Supplies	6,599	6,599	11,893	122,906	14,397	155,795
Telephone and Utility Expense	6,954	646	6,660			14,260
Total Expenditures	\$ 1,522,532	\$ 780,194	\$ 766,424	\$ 486,852	\$ 124,337	\$ 3,680,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (14,317)	\$ (16,849)	\$ (86,308)	\$ (12,331)	\$ 2,194	\$ (127,611)
Other Financing Sources (Uses)						
Operating Transfers In	\$	\$	\$	\$	\$	\$
Operating Transfers Out						
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES SOURCES OVER EXPENDITURES AND OTHER USES	\$ (14,317)	\$ (16,849)	\$ (86,308)	\$ (12,331)	\$ 2,194	\$ (127,611)
FUND BALANCE - BEGINNING	422,866	759,522	451,523	162,478	(17,906)	1,778,483
FUND BALANCE - ENDING	\$ 408,549	\$ 742,673	\$ 365,215	\$ 150,147	\$ (15,712)	\$ 1,650,872

The accompanying notes are an integral part of this financial statement.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balance - Total Governmental Funds \$ (127,611)

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital Asset Purchases Capitalized	\$ 18,193	
Depreciation Expense	(56,700)	(38,507)

Other post-employment benefits are reported in the governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statement of Activities as it accrues.	(55,784)
---	----------

Pension Expense	220,015
-----------------	---------

Change in Net Position of Governmental Activities	\$ (1,887)
---	------------

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	<u>Agency Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ <u> 0</u>
Total Assets	\$ <u><u> 0</u></u>
LIABILITIES	
Restitution to Court Ordered Recipients Payable	\$ <u> 0</u>
Total Liabilities	\$ <u><u> 0</u></u>

The accompanying notes are an integral part of this financial statement.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Judicial Expense Fund complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note. The Judicial Expense Fund has adopted the financial reporting requirements of GASB Statement Nos. 33 and 34.

The Judicial Expense Fund has adopted the financial reporting requirements of GASB statement No.63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

The Fourth Judicial District Court adopted Government Accounting Standard Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68. The adoption of GASB 68 and 71 required significant changes to the financial statements of the Fourth Judicial District Court. The principal objective of these Statements is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees, both active and inactive are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between government's inflow of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

FINANCIAL REPORTING ENTITY: The Fourth Judicial District Court, General Fund (Judicial Expense Fund), was created under the Act No. 52 of 1984, effective on the 60th day after final adjournment of the 1984 legislative session of the State of Louisiana. The effective date of funding was set on November 1, 1984.

SPECIAL REVENUE FUNDS: The purpose of each major special revenue fund and revenue source is listed below:

The purpose of the fund is to provide sufficient funding to expedite efficient operation of the Court. In general, the fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration of the Court.

The Fourth Judicial District Court, Special Revenue Fund (Child Support), authority was created under the Act No. 517 of 1986, effective within one year after final adjournment of the 1986 legislative session of the State of Louisiana. In accordance with Louisiana Revised Statutes, §46:236.5 the Fourth Judicial District Court implemented this process beginning November 1, 1990.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The purpose of the fund is to provide an expedited process for establishment and enforcement of support obligations which are brought by the Department of Health and Human Services. Revenues are to be expended to administer the proceedings related to the expedited process.

The Fourth Judicial District Court, Special Revenue Fund (Misdemeanor Probation), authority was created under the Louisiana Code of Criminal Procedure Article 895.1C. The Fourth Judicial District Court issued an order signed *en banc* February 26, 1993 implementing this process.

The purpose of the fund is to provide misdemeanor probation services by collecting monthly fines for establishment and enforcement of the probationary period. Revenues are to be expended to administer the proceedings related to the probation process.

The Fourth Judicial District Court, Special Revenue Fund (Drug Court), authority was created under the Louisiana Code of Criminal Procedure Article 193 and Article 18 by Rule XI of this court. The drug treatment and probation program shall be established in accordance with the provisions of LSAR.5.13:5301-5304. The Fourth Judicial District Court issued an order signed *en banc* February 4, 2000 implementing the process effective January 1, 2000.

The Fourth Judicial District Court, Special Revenue Fund (Adult Drug Court) was granted an award of \$430,000 for the current fiscal year by the Supreme Court of Louisiana, Drug Court Program.

The purpose of the fund is to administer drug offense charges. Revenues are to be expended to administer the monitoring, counseling, and enforcement of drug offense probation.

The Fourth Judicial District Court, Special Revenue Fund (Juvenile Drug Court) was granted an award of \$127,500 for the current fiscal year by the Supreme Court of Louisiana, Drug Court Program.

The purpose of the fund is to administer juvenile drug offense charges. Revenues are to be expended to administer the monitoring, counseling and enforcement of juvenile drug offense probation.

BASIS OF PRESENTATION: The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

FUND BALANCE TYPE DEFINITIONS: In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Fourth Judicial District Court classifies governmental fund balances as follows:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the judges of the Fourth Judicial District Court.
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the judges of the Fourth Judicial District Court.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

FUND BALANCE TYPE ACTIONS: The Fourth Judicial District Court uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Fourth Judicial District Court would first use *committed*, then *assigned*, and lastly *unassigned* amounts of unrestricted fund balance when expenditures are made.

The Fourth Judicial District Court does not have a formal minimum fund balance policy.

A schedule of fund balances is as follows:

	<u>General Fund</u>	<u>Child Support Fund</u>	<u>Misdemeanor Probation Fund</u>	<u>Drug Court Fund</u>	<u>Juvenile Drug Court Fund</u>	<u>Total Governmental Funds</u>
Fund Balances						
Nonspendable						
Prepaid Expenses	\$ 7,522	\$ 2,993	\$ 9,931	\$	\$	\$ 20,446
Restricted						
Family In Need of Services	38,091					38,091
Child Support Enforcement		739,680				739,680
Court Services			355,284	150,147		505,431
Unassigned	<u>362,936</u>				(15,712)	<u>347,224</u>
Total Fund Balances	<u>\$ 408,549</u>	<u>\$ 742,673</u>	<u>\$ 365,215</u>	<u>\$ 150,147</u>	<u>\$ (15,712)</u>	<u>\$ 1,650,872</u>

The Juvenile Drug Court Fund has a deficit fund balance of \$15,712.

The accounting and reporting policies of the Fourth Judicial Court, Judicial Expense Fund conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Municipal Audit and Accounting Guide, the industry audit guide, Audits of State and Local Governmental Units; Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, and/or, where applicable, Public Law 98-502, the Single Audit Act of 1996, and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance).

For financial reporting purposes, in conformity with the Governmental Accounting Standards Board (GASB), the Judicial Expense Fund, Child Support, and Court Services are a part of the Fourth Judicial District Court, a component of the Ouachita Parish Police Jury judicial system. The financial reporting entity consists of (a) the primary government (Ouachita Parish Policy Jury), (b) organization for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

GASB Codification Section 2100 established criteria for determining which component units should be considered part of the Ouachita Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability.

This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Ouachita Parish Policy Jury to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Ouachita Parish Police Jury.
2. Organizations for which the Ouachita Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Ouachita Parish Police Jury.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Ouachita Parish Police Jury provides for the operation and maintenance of the Courtroom and office space of the Judges in its parish courthouse, the Fourth Judicial District Court was determined to be a component unit of the Ouachita Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Fourth Judicial District Court and do not present information on the Ouachita Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

BASIC FINANCIAL STATEMENTS: *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. 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 comprises its assets, liabilities, fund equity, revenues, and expenditures.

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 Fund - Special revenue funds are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. Included in special revenue funds are the Child Support Fund and Court Services Fund which includes Misdemeanor Probation, Drug Court, and Juvenile Drug Court.

This report includes funds which are controlled by the Fourth Judicial District Court (Chief Judge and Judges) but determined to be a component unit of the Ouachita Parish Police Jury. The Ouachita Parish Police Jury has significant control over the Judicial Expense Fund in the area of necessary capital outlay. The Ouachita Parish Police Jury would present this component unit in a discreet presentation format if it were included in their financial statements. The funds are administered by the Court Administrator.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 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 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 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. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions should be recognized in accordance with the requirements of GASB Codification Section N50.

BUDGETS AND BUDGETARY ACCOUNTING: The Fourth Judicial District Court follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Judicial Administrator prepares a proposed budget for the General Fund and each Special Revenue Fund and submits same to the Chief Judge, prior to the beginning of each fiscal year.
2. The Chief Judge, Fourth Judicial District Court, signs written approval of the budgets.
3. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Chief Judge.
4. All budgetary appropriations lapse at the end of each fiscal year.
5. Budgets for the General Fund (Judicial Expense Fund), and Special Revenue Funds (Child Support Fund, Misdemeanor Probation Fund, Drug Court Fund, and Juvenile Drug Court Fund), are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Amendments of the budget are prepared by the Judicial Administrator and the process is the same as indicated for the original budget during the fiscal year.

BUDGET VARIANCE: The significant variation of actual expenses in the areas of reference materials, insurance expense, payroll related expenses, supplies and travel expenses were primarily due to the uncertainties of budgeting. The Chief Judge and Judges were aware of the variances and approved the additional expenses.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CASH AND CASH EQUIVALENTS: Cash includes amounts in demand deposits, interest-bearing demand deposits, money market accounts, and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

INVESTMENTS: In accordance with GASB Statement No. 31, the Court's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the credit standing of the issuer or by other factors, it is reported at fair value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

INTERFUND RECEIVABLES/PAYABLES: Short-term interfund loans are classified as interfund receivables/payables.

PREPAID ITEMS: Advance payments for retirement are expensed as the period lapses. The balance in prepaid expense represents advance retirement payments or contracts due to expire during the subsequent months.

CAPITAL ASSETS: In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000, or more are reported at historical cost. Additions, improvement and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	3 - 10 years
Other office equipment	5 - 10 years
Furniture and fixtures	5 - 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.

COMPENSATED ABSENCES: The Fourth Judicial District Court accrues compensated absence expense based on unused vacation available to employees as of the last day of the fiscal year. Accrued compensated absence is recognized as a current year expenditure in the governmental funds. Accumulated sick leave is non-compensable, therefore, no provision has been made for unused sick leave.

PENSION PLANS: *Louisiana State Employees' Retirement System (LASERS)* - The Fourth Judicial District Court is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. 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. Investments are reported at fair value.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Parochial Employees' Retirement System of Louisiana - The Parochial Employees' Retirement System of Louisiana (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the state of Louisiana or any governing body or a parish which employs and pays persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B to replace the "regular plan" and the "supplemental plan." Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Retirement System is governed by Louisiana Revised Statutes, Title 11, Sections 1901 through 2025, specifically, and other general laws of the State of Louisiana.

Louisiana Clerks' of Court Retirement and Relief Fund - The Louisiana Clerks' of Court Retirement and Relief Fund (Fund) is a cost-sharing multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11:1501 to provide regular, disability, and survivor benefits for clerks of court, their deputies and other employees, and the beneficiaries of such clerks of court, their deputies, and other employees.

NET POSITION: Net position comprise the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position balances are classified in the following three components:

Invested in capital assets, net of related debt - This component of net position consists of 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 of those assets. There was no outstanding debt attributable to these fixed assets as of June 30, 2017.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There were \$7,522 and \$38,091 in restricted net position as of June 30, 2017 related to the prepaid expenses, and Family in Needs Funds, respectively, in the General Fund and \$1,258,035 restricted net position as of June 30, 2017 related to Special Revenue Fund balances.

Unrestricted net position - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

FUND EQUITY: Designated fund balances represent tentative plans for future use of financial resources.

INTERFUND TRANSACTIONS: Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

USE OF ESTIMATES: The preparation of component unit financial statements in conformity with generally accepted accounting principles 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 and expenses during the reporting period. Actual results could differ from those estimates.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2 EXPENDITURES - ACTUAL AND BUDGET

The Judicial Expense Fund had total actual expenditures more than total budgeted expenses for the year by \$3,342 or 0.2%.

The Child Support Fund had total actual expenditures more than total budgeted expenses for the year by \$8,930 or 1.1%.

The Misdemeanor Probation Fund had total expenditures more than total budgeted expenses for the year by \$1,294 or 0.2%.

The Drug Court Fund had total expenditures more than total budgeted expenses for the year by \$3,123 or 0.6%.

The Juvenile Drug Court Fund had total expenditures less than total budgeted expenses for the year by \$3,163 or 2.5%.

The Chief Judge and Judges were aware of any unfavorable variances and approved the additional expenses.

NOTE 3 DEPOSITS AND INVESTMENTS

A. Cash and Cash Equivalents

Included as cash and cash equivalents are bank accounts and short-term investments, specifically certificates of deposit.

At June 30, 2017 the Fourth Judicial District Court had cash and cash equivalents (book balances) totaling \$1,965,335 as follows:

Non-interest-bearing demand deposits	\$	39,274
Interest-bearing demand deposits		347,837
Time deposits		<u>1,578,224</u>
Total	\$	<u><u>1,965,335</u></u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (Cont'd)

The following is a summary of specific account information by custodial institution.

<u>Credit Risk</u>	<u>Book Balance</u>	<u>Account Balance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Bank of Ruston				
General Fund				
Judicial Expense - Cert. of Dep. 09/14/16	\$ 209,689	\$ 209,689	09/14/17	0.80%
Subtotal	<u>\$ 209,689</u>	<u>\$ 209,689</u>		
Cross Keys Bank				
General Fund				
Judicial Expense - Cert. of Dep. 04/26/17	\$ 101,588	\$ 101,588	04/26/18	1.00%
Special Revenue Fund				
Child Support - Cert. of Dep. 01/07/17	101,941	101,941	01/07/18	1.05%
Misdemeanor Probation - Cert. of Dep. 03/18/17	101,053	101,053	03/18/18	1.10%
Misdemeanor Probation - Cert. of Dep. 11/14/16	<u>204,134</u>	<u>204,134</u>	11/14/17	0.80%
Subtotal	<u>\$ 508,716</u>	<u>\$ 508,716</u>		
Origin Bank				
General Fund				
Judicial Expense - Checking	\$ 114,768	\$ 118,159		0.15%
Subtotal	<u>\$ 114,768</u>	<u>\$ 118,159</u>		
Ouachita Independent Bank				
General Fund				
Judicial Expense - Checking Auction	\$ 1,183	\$ 1,183		0.00%
Family In Needs Services - Checking	38,091	42,457		0.00%
Special Revenue Funds				
Child Support - Checking	100,889	107,433		0.19%
Misdemeanor Probation - Checking	63,646	95,498		0.14%
Juvenile Drug Court - Checking	12,659	12,659		0.10%
Misdemeanor Probation - Cert. of Dep. 03/18/17	<u>101,966</u>	<u>101,966</u>	06/18/18	1.41%
Subtotal	<u>\$ 318,434</u>	<u>\$ 361,196</u>		
Progressive Bank				
General Fund				
General Fund (P/R) Checking	\$ 55,875	\$ 56,578		0.25%
Subtotal	<u>\$ 55,875</u>	<u>\$ 56,578</u>		
Richland State Bank				
Special Revenue Funds				
Child Support - Cert. of Dep. 02/21/17	\$ 234,242	\$ 234,242	02/21/18	1.05%
Child Support - Cert. Of Dep. 09/06/16	318,908	318,908	09/06/17	0.80%
Misdemeanor Probation - Cert. of Dep. 03/31/16	<u>204,703</u>	<u>204,703</u>	09/30/17	0.49%
Subtotal	<u>\$ 757,853</u>	<u>\$ 757,853</u>		
Total Cash and Cash Equivalents	<u>\$ 1,965,335</u>	<u>\$ 2,012,191</u>		

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (Cont'd)

Custodial Credit Risks - Deposits

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2017 the Fourth Judicial District Court had \$2,012,191 in deposits (collected bank balances). These deposits are secured from risk by \$877,766 of federal deposit insurance and \$1,134,425 of pledged securities held by the bank's agent in the name of the bank as of June 30, 2017.

In accordance with LRS 49:321, state depositing authorities shall require as security for deposit of state funds authorized bonds or other interest bearing notes; authorized promissory notes, warrants, or certificates of indebtedness unmatured or payable on demand. Fair value, excluding interest, of such securities held by the depositing authority shall be equal to 100% of the amount on deposit to the credit of the depositing authority except that portion appropriately insured. Designated depositories may be granted a period not to exceed five days from the date of any deposit to post the necessary security.

B. Investments

Similar to cash deposits, investments held at a financial institution can be categorized according to three levels of risk. These three levels of risk are:

- Category 1: Investments that are insured, registered or held by the entity or by its agent in the Court's name.
- Category 2: Investments that are uninsured and unregistered held by the counter party's trust department or agent in the Court's name.
- Category 3: Uninsured and unregistered investments held by the counterparty, its trust or its agent, but not in the Court's name.

NOTE 4 ACCOUNT RECEIVABLES AND DUE FROM OTHER GOVERNMENTAL UNITS

The receivables of \$486 at June 30, 2017 are as follows:

	General Fund
Other	\$ 486
Total	\$ 486

The Court considers all receivables to be collectible; therefore, no allowance has been established for doubtful accounts.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 4 ACCOUNT RECEIVABLES AND DUE FROM OTHER GOVERNMENTAL UNITS (Cont'd)

Amounts due from other governmental units consisted of the following:

General Fund

Judicial Expense Fund

Court fees - Ouachita Parish, Sheriff Department, State of Louisiana (includes expense reimbursement)	\$ 19,490
Court fees - Ouachita Parish, Clerk of Court, State of Louisiana (Includes expense reimbursement)	2,290
Court fees - Morehouse Parish, Sheriff Department, State of Louisiana	2,668
Court fees - Morehouse Parish, Clerk of Court, State of Louisiana	615
Travel and expense reimbursement - Supreme Court, Justice Department, State of Louisiana	883
Expense reimbursement - Ouachita Parish Police Jury, State of Louisiana	1,854
Expense reimbursement - Ouachita Parish District Attorney, State of Louisiana	<u>26</u>
Total	<u>\$ 27,826</u>

Special Revenue Funds

Child Support Fund

Court fees - Department of Health and Human Resources, State of Louisiana	\$ 64,754
Equipment rental reimbursement - Monroe City Court, Monroe, Louisiana	212

Drug Court Fund

Operation fees - Supreme Court, Justice Department, State of Louisiana	36,051
---	--------

Juvenile Drug Court Fund

Operation fees - Supreme Court, Justice Department, State of Louisiana	<u>27,000</u>
---	---------------

Total	<u>\$ 128,017</u>
-------	-------------------

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 CAPITAL ASSETS

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

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Government Activities:				
Computers and Printers	\$ 323,228	\$ 18,193	\$	\$ 341,421
Equipment	<u>222,423</u>			<u>222,423</u>
Totals at Historical Cost	<u>\$ 545,651</u>	<u>\$ 18,193</u>	<u>\$ 0</u>	<u>\$ 563,844</u>
Less Accumulated Depreciation for:				
Computers	\$ 272,157	\$ 44,561	\$	\$ 316,718
Equipment	<u>127,518</u>	<u>12,139</u>		<u>139,657</u>
	<u>\$ 399,675</u>	<u>\$ 56,700</u>	<u>\$ 0</u>	<u>\$ 456,375</u>
Governmental Activities Capital Assets Net	<u>\$ 145,976</u>	<u>\$ (38,507)</u>	<u>\$ 0</u>	<u>\$ 107,469</u>

Depreciation expense was charged to governmental functions as follows:

Judicial Expense Fund	\$ 32,321
Child Support Fund	8,022
Misdemeanor Probation Fund	13,082
Drug Court Fund	1,532
Juvenile Drug Court Fund	<u>1,743</u>
	<u>\$ 56,700</u>

NOTE 6 PENSION PLANS

The Fourth Judicial District Court implemented Government Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB 68*. The standards require the Fourth Judicial District Court to record its proportional share of each of the pension plans net pension liability and report the following disclosures:

At June 30, 2017, the Fourth Judicial District Court reported a total liability of \$2,782,337 for its proportionate share of the net pension liability in the following retirement plans:

Louisiana State Employees' Retirement System (LASERS)	\$ 2,216,304
Parochial Employees' Retirement System of Louisiana	479,871
Louisiana Clerks' of Court Retirement and Relief Fund	<u>86,162</u>
Total	<u>\$ 2,782,337</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

At June 30, 2017, the Fourth Judicial District Court reported a total deferred outflow asset of \$1,519,584 for its proportionate share of the net pension asset in the following retirement plans:

Louisiana State Employees' Retirement System (LASERS)	\$ 952,520
Parochial Employees' Retirement System of Louisiana	537,601
Louisiana Clerks' of Court Retirement and Relief Fund	<u>29,463</u>
Total	<u>\$ 1,519,584</u>

At June 30, 2017, the Fourth Judicial District Court reported total inflows of \$1,001,197 for its proportionate share of the net pension liability in the following retirement plans:

Louisiana State Employees' Retirement System (LASERS)	\$ 790,572
Parochial Employees' Retirement System of Louisiana	202,208
Louisiana Clerks' of Court Retirement and Relief Fund	<u>8,417</u>
Total	<u>\$ 1,001,197</u>

A. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (LASERS)

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. Investments are reported at fair value.

Plan Description: Employees of the Fourth Judicial District Court, Judicial Expense Fund are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

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 or 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.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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 throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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 a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

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

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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.

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

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

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

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.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

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

Contributions: Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2017 for the various plans follow:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Appellate Law Clerks	Closed	7.50%	35.80%
Appellate Law Clerks hired on or after 7/01/06	Open	8.00%	35.80%
Alcohol Tobacco Control	Closed	9.00%	30.70%
Bridge Police	Closed	8.50%	34.20%
Bridge Police hired on or after 7/01/06	Closed	8.50%	34.20%
Corrections Primary	Closed	9.00%	31.10%
Corrections Secondary	Closed	9.00%	35.30%
Harbor Police	Closed	9.00%	4.00%
Hazardous Duty	Open	9.50%	36.10%
Judges hired before 1/01/11	Closed	11.50%	38.00%
Judges hired after 12/31/10	Closed	13.00%	36.70%
Judges hired on or after 7/01/15	Open	13.00%	36.70%
Legislators	Closed	11.50%	39.10%
Optional Retirement Plan (ORP) before 7/01/06*	Closed	7.50%	35.80%
Optional Retirement Plan (ORP) on or after 7/01/06*	Closed	8.00%	35.80%
Peace Officers	Closed	9.00%	34.30%
Regular Employees hired before 7/01/06	Closed	7.50%	35.80%
Regular Employees hired on or after 7/01/06	Closed	8.00%	35.80%
Regular Employees hired on or after 1/01/11	Closed	8.00%	35.80%
Regular Employees hired on or after 7/01/15	Open	8.00%	35.80%
Special Legislative Employees	Closed	9.50%	41.10%
Wildlife Agents	Closed	9.50%	44.80%

* For ORP the projected employer contribution effort was calculated using the shared UAL portion of the contribution rate of 31.77% for 2017.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

The agency's contractually required composite contribution rate for the year ended June 30, 2017 was 35.8% and 35.8% 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 Agency were \$213,438 for the year ended June 30, 2017.

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

At June 30, 2017, the employer reported a liability of \$2,216,304 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency'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. At June 30, 2016, the Agency's proportion was 0.02822%, which was a decrease of 0.00391% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of \$227,800 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$357,152 for 2017.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,283	\$ (20,555)
Net difference between projected and actual earnings on pension plan investments	276,045	
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	461,754	(770,017)
Employer contributions subsequent to the measurement date	<u>213,438</u>	
Total	<u>\$ 952,520</u>	<u>\$ (790,572)</u>

\$213,438 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2018	\$ (183,804)
2019	\$ (40,812)
2020	\$ 107,276
2021	\$ 65,848

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Actuarial Assumptions

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

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, net of investment expenses *																		
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 2016. 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; border-bottom: 1px solid black;">Member Type</th> <th style="text-align: center; border-bottom: 1px solid black;">Lower Range</th> <th style="text-align: center; border-bottom: 1px solid black;">Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">4.0%</td> <td style="text-align: center;">13.0%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">14.5%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	4.0%	13.0%	Judges	3.0%	5.5%	Corrections	3.6%	14.5%	Hazardous Duty	3.6%	14.5%	Wildlife	3.6%	14.5%
Member Type	Lower Range	Upper Range																	
Regular	4.0%	13.0%																	
Judges	3.0%	5.5%																	
Corrections	3.6%	14.5%																	
Hazardous Duty	3.6%	14.5%																	
Wildlife	3.6%	14.5%																	
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.																		

* The investment rate of return used in the actuarial valuation for funding purposes was 8.15%, recognizing an additional 25 basis points for gain-sharing and 15 basis points to offset administrative expenses.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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 re-balancing/diversification. The resulting expected long-term rate of return is 8.72% for 2016. 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, 2016 are summarized in the following table:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return*
Cash	0%	(0.24%)
Domestic equity	25%	4.31%
International equity	32%	5.48%
Domestic Fixed Income	8%	1.63%
International Fixed Income	6%	2.47%
Alternative Investments	22%	7.42%
Global Tactical Asset Allocation	7%	2.92%
Total	<u>100%</u>	5.30%

*For reference only: Target Allocation presented in LASERS 2016 CAFR, page 50, and Long-Term Expected Real Rate of Return, Page 28.

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions 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 active and inactive 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 Employer's proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	Changes in Discount Rate		
	2016		
	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Employer's proportionate share of the Net Pension Liability	\$ 2,722,935	\$ 2,216,304	\$ 1,785,827

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2016 Comprehensive Annual Financial Report at www.lasersonline.org.

B. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

Plan Description: The Parochial Employees' Retirement System of Louisiana is the administrator of a cost sharing multiple employer defined benefit pension plan. The System was established and provided for by R.S.11:1901 of the Louisiana Revised Statute (LRS). The System provides retirement benefits to employees of taxing districts of a parish or any branch or section of a parish within the State which does not have its own retirement system and which elects to become members of the System. The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to these appropriate statutes for more complete information.

Eligibility Requirements: All permanent parish government employees (except those employed by Orleans, Lafourche and East Baton Rouge Parishes) who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

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

For employees hired prior to January 1, 2007:

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

For employees hired after January 1, 2007:

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

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

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

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Survivor Benefits: A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve (12) months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

Deferred Retirement Option Plan: Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Retirement System. DROP is an option for that member who is eligible for normal retirement. In lieu of terminating employment and accepting a service retirement, any member who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) in which they are enrolled for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

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

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

Cost of Living Increases: The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age sixty-five equal to 2% of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older. (RS11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Employer Contributions: According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00%.

According to state statute, the System also receives 1/4 of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Schedule of Employer Allocations: The schedule of employer allocations reports the historical employer contributions, in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Parochial Employees' Retirement System of Louisiana. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the plan during the fiscal year ended December 31, 2016 as compared to the total of all employers' contributions received by the plan during the fiscal year ended December 31, 2016.

Schedule of Pension Amounts by Employer: The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the Schedule of Employer Allocations.

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

At June 30, 2017, the Employer reported a liability of \$479,871 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of December 31, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency'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. At December 31, 2016, the Agency's proportion was 0.233002%, which was a decrease of 0.017846% from its proportion measured as of December 31, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of \$285,180 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$83,521 for 2017.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual expense	\$	\$ (83,973)
Changes in assumptions	91,106	
Differences between projected and actual investment earnings on pension plan investments	372,398	
Changes in proportion and differences between employer contributions and proportionate shares of contributions and deferred outflows and inflows of resources	580	(118,235)
Employer contributions subsequent to the measurement date	<u>73,517</u>	
Total	<u>\$ 537,601</u>	<u>\$ (202,208)</u>

\$73,517 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$	58,135
2019	\$	115,668
2020	\$	98,135
2021	\$	(10,061)

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the System's employers as of December 31, 2016, are as follows:

Total Pension Liability	\$ 3,519,868,332
Plan Fiduciary Net Position	<u>3,313,917,014</u>
Total Net Pension Liability	<u>\$ 205,951,318</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Actuarial Methods and Assumptions: (Cont'd)

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense, including inflation
Expected Remaining Service lives	4 years
Projected Salary Increases	5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Table was selected for annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return*
Fixed Income	35%	1.24%
Equity	52%	3.63%
Alternatives	11%	0.67%
Real Assets	2%	0.12%
Total	100%	5.66%
Inflation		2.00%
Expected Arithmetic Nominal Return		7.66%

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females was selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back four years for males and three years for females was used.

Sensitivity of Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	Changes in Discount Rate 2016		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the Net Pension Liability	\$ 1,435,486	\$ 478,871	\$ (328,131)

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Change in Net Pension Liability: The changes in the net pension liability for the year ended December 31, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources as of December 31, 2016 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	December 31, 2016	
				Deferred Outflows	Deferred Inflows
2016	\$	\$ 12,667,455	\$ (3,166,864)	\$	\$ 9,500,591
2015		33,731,404	(11,243,801)		22,487,603
2014		8,102,721	(4,051,361)		4,051,360
				\$	\$ 36,039,554

Differences Between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources and a pension expense as of December 31, 2016 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	December 31, 2016		
				Deferred Outflows	Deferred Inflows	Net Deferred Outflows Balance
2016	\$	\$ 21,590,369	\$ (4,318,074)	\$	\$ 17,272,295	\$ (17,272,295)
2015	198,285,505		49,571,376	148,714,129		148,714,129
2014	42,576,053		14,192,017	28,384,036		28,384,036
				\$ 177,098,165	\$ 17,272,295	\$ 159,825,870

Changes of Assumptions: The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. The changes of assumption or other inputs resulted in deferred outflows of resources and a pension expense as of December 31, 2016 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	December 31, 2016	
				Deferred Outflows	Deferred Inflows
2016	\$	\$	\$	\$	\$
2015	58,651,519		19,550,506	39,101,013	
2014					
				\$ 39,101,013	\$

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Change in Proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in proportion are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of December 31, 2016.

Contributions – Proportionate Share: Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Retirement System Audit Report: Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on its financial statements for the year ended December 31, 2016. Access to the audit report can be found on the System's website: www.persla.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Estimates: The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

C. LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND

Plan Description: 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. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Retirement Benefits: 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 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 retired 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.

Disability Benefits: Effective through June 30, 2008, a member who has been officially certified as totally and permanently disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

1. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
2. A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008.

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

1. The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
2. The member has at least ten years of service credit.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

A member who has been certified as totally and permanently disabled will be paid monthly disability retirement benefits equal to the greater of:

1. Forty percent of their monthly average final compensation.
2. Seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

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.

Survivor Benefits: If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic Option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced 1/4 of 1% for each month by which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid 1/2 of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic Option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

Deferred Retirement Option Plan: In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation the plan.

The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account.

Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. Interest accruals cease upon termination of employment. Upon termination, the member receives a lump sum payment from the DROP Fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP Fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Cost of Living Adjustments: The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the Board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

Employer Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense. Non-employer contribution revenue for the System for the year ended June 30, 2016, was \$10,489,546.

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

At June 30, 2017, the Employer reported a liability of \$86,162 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency'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. At June 30, 2016, the Agency's proportion was .046574%, which was a decrease of .0003983% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of \$11,453 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$2,696 for 2017.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 879	\$ (2,932)
Changes in assumptions	5,306	
Net difference between projected and actual earnings on pension plan investments	14,866	
Changes in proportion and differences between Employer contributions and proportionate shares of contributions and deferred outflows and inflows of resources	8	(5,485)
Employer contributions subsequent to the measurement date	<u>8,404</u>	
Total	<u>\$ 29,463</u>	<u>\$ (8,417)</u>

\$8,404 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2018	\$ 1,993
2019	\$ 2,084
2020	\$ 5,163
2021	\$ 3,400

Actuarial Methods and Assumptions: The Net Pension Liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Fund's participating employers as of June 30, 2016 are as follows:

	<u>2016</u>
Total Pension Liability	\$ 716,218,412
Plan Fiduciary Net Position	<u>531,220,994</u>
Total Net Pension Liability	<u>\$ 184,997,418</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Actuarial Methods and Assumptions: (Cont'd)

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	5.00%
Inflation Rate	2.50%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 year for females)/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)
Expected Remaining Service Lives	2016 - 5 years 2015 - 5 years 2014 - 5 years
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 as they were deemed not to be substantively automatic.

The actuarial assumptions used are based on the assumptions used in the 2016 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, unless otherwise specified.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

The best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2016, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.00%
Core plus fixed income	15.00%	1.50%
Domestic Equity:		
Large cap domestic equity	21.00%	4.25%
Non-large cap domestic equity	7.00%	4.00%
International Equity:		
Large cap international equity	15.50%	5.25%
Small cap international equity	5.00%	5.00%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.00%	6.50%
Hedge Fund	10.00%	3.50%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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 Fund's actuary. Based on those assumptions, the Fund'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 to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2016.

	Changes in Discount Rate		
	2016		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Employer's proportionate share of the Net Pension Liability	\$ 122,607	\$ 86,162	\$ 55,228

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2016, were recognized in the current reporting period as pension expense except as follows:

Differences Between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

			<u>June 30, 2016</u>		
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2016	\$ 2,359,911	\$	\$ 471,982	\$ 1,887,929	\$
2015		6,572,552	(1,643,138)		4,929,414
2014		2,051,191	(683,731)		1,367,460
				<u>\$ 1,887,929</u>	<u>\$ 6,296,874</u>

Differences Between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a net deferred inflow of resources and pension benefit as of June 30, 2016, as follows:

					<u>June 30, 2016</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Deferred Outflows Balance</u>
2016	\$ 41,858,104	\$	\$ 8,371,621	\$ 33,486,483	\$	\$ 33,486,483
2015	18,845,869		4,711,467	14,134,402		14,134,402
2014		23,554,078	(7,851,360)		15,702,718	(15,702,718)
				<u>\$ 47,620,885</u>	<u>\$ 15,702,718</u>	<u>\$ 31,918,167</u>

Changes of Assumptions or Other Inputs: Changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and pension expense as of June 30, 2016, as follows:

					<u>June 30, 2016</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Pension Expense (Benefit)</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	
2016	\$	\$	\$	\$	\$	
2015	7,212,990		1,803,247	5,409,743		
2014	8,975,770		2,991,925	5,983,845		
				<u>\$ 11,393,588</u>	<u>\$</u>	

Change in Proportion: Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6 PENSION PLANS (Cont'd)

Contributions - Proportionate Share: Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

Retirement Fund Audit Report: The Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana has issued a standalone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov.

Estimates: The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from estimated amounts.

NOTE 7 POST-RETIREMENT BENEFIT PLAN

In June 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which establishes new accounting standards for Post-Retirement Benefits Other Than Pensions (OPEB). The effective date for the Fourth Judicial District Court has been determined to be the fiscal year beginning July 1, 2007.

Plan Description

The Court is a participant in the State of Louisiana Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits. LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The contribution requirements of plan members and the Court are established and may be amended by LRS 42:801-883. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The Office of Group Benefits (OGB) offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Consumer Driven Health Plan (CDHP) and the Health Maintenance Organization (HMO) Plan. Retired employees who have Medicare Part A and Part B coverage also have access to four OGB Medicare Advantage plans which includes three HMO plans and one PPO plan.

Basic life insurance is available in the following amounts: Under age 65 - \$5,000, ages 65-70 - \$4,000 and after age 70 - \$3,000. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70. Spouse life insurance amounts of \$1,000, \$2,000, and \$4,000 are also available.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 POST-RETIREMENT BENEFIT PLAN (Cont'd)

The plan is currently financed on a pay as you go basis. The Court currently funds on a cash basis as benefits are paid. For fiscal year ending June 30, 2017, the Court contributed \$51,865 to the plan, including \$51,865 for current premiums (approximately 78% percent of total premiums). Plan members receiving benefits contributed \$14,274, or approximately 22% percent of the total premiums.

Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage. Employees hired after December 31, 2001 pay a percentage of the total retiree premium rate (active premium if over 20 years of service) based on the following schedule:

<u>Years of Service</u>	<u>Retiree Share</u>	<u>State Share</u>
Under 10 Years	81%	19%
10-14 Years	62%	38%
15-19 Years	44%	56%
20+ Years	25%	75%

Annual OPEB Cost

The Court's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open basis, was used. The total ARC for the Plan's fiscal years ending June 30, 2017, 2016, and 2015 was \$106,830, \$137,000, and \$130,800, respectively.

The following table shows the components of the Court's OPEB cost for the year ended June 30, 2017, the amount actually contributed to the plan, and changes in the plan's net OPEB obligation:

Determination of Annual Required Contribution

Normal cost at fiscal year end	\$ 43,385
Interest on normal cost	1,682
Amortization of UAAL	59,445
Interest on amortization	<u>2,318</u>
Annual required contribution (ARC)	\$ 106,830

Determination of Net OPEB Obligation

Annual required contribution	\$ 106,830
Interest on prior year net OPEB obligation	39,253
Adjustment to ARC	<u>(38,434)</u>
Annual OPEB cost	\$ 107,649
Contributions made	<u>(51,865)</u>
Estimated increase in net OPEB obligation	\$ 55,784

Net OPEB obligation - Beginning of year 1,397,356

Estimated net OPEB obligation - End of year \$ 1,453,140

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 POST-RETIREMENT BENEFIT PLAN (Cont'd)

The Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2017 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Net OPEB Cost Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/15	\$ 132,586	\$ 43,545	32.8%	\$ 1,316,926
06/30/16	\$ 138,915	\$ 58,485	42.1%	\$ 1,397,356
06/30/17	\$ 107,649	\$ 51,865	48.2%	\$ 1,453,140

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation, the plan has no assets and has a funded ratio of zero. The post-retirement medical insurance benefits are currently funded on a pay-as-you-go basis. The Schedule of Funding Progress, included in the required supplementary information, presents information about the actuarial value of plan assets and the AAL for benefits.

The funded status of the plan as of the most recent valuation date of July 1, 2016, is as follows:

Actuarial accrued liability (AAL)	\$ 1,597,670
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 1,597,670
Funded ratio (actuarial value of plan assets / AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	\$ 134,098
UAAL as a percentage of covered payroll	1191.4%

Actuarial Methods and Assumptions

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 as actual results are compared with past expectations and new estimates are made about the future.

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 plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. There were nine (9) active state employees and eight (8) retired state employees covered by the plan at July 1, 2016.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7 POST-RETIREMENT BENEFIT PLAN (Cont'd)

The determination of the July 1, 2016 accrued liability assumes a starting healthcare trend rate of 7.0% for pre-Medicare (6.0% for Medicare eligible) grading down by 0.5% annually until an ultimate trend rate of 4.5% is reached. Besides the healthcare cost trend rate assumption, the other significant assumption is the discount rate assumption. The discount rate assumed in this valuation is 3.8%. The discount rate reflects the expected long term rate of return for the assets expected to pay the postemployment benefits. The determination of the July 1, 2016 accrued liability uses the valuation results and information in the July 1, 2016 valuation report.

The actuarial assumptions included a 3.8% investment rate of return (net of administrative expenses) and an inflation rate of 2.8%. Salary increases were projected to be at 3.0%. A level percentage of payroll amortization method, open basis, was used. The remaining amortization period at June 30, 2017 was thirty years. It was assumed that for the purposes of the valuation, the Court will in the future maintain a consistent level of cost sharing for benefits with the retirees. This may be achieved by adjusting the benefit provisions, contributions, or both.

NOTE 8 DUE TO OTHER GOVERNMENTAL UNITS

Accounts due to other governmental units consist of the following:

General Fund	
Judicial Expense Fund	
Ouachita Parish Police Jury - State of Louisiana	\$ 104,791
Ouachita Parish Sheriff Department - State of Louisiana	<u>1,771</u>
Total General Fund	<u>\$ 106,562</u>
Special Revenue Funds	
Child Support Fund	
Ouachita Parish Police Jury - State of Louisiana	\$ 32,721
Ouachita Parish Sheriff Department - State of Louisiana	1,497
Morehouse Parish Clerk of Court - State of Louisiana	3,997
Court Services Fund (Misdemeanor, Drug Court, and Juvenile Drug Court)	
Ouachita Parish Police Jury - State of Louisiana	188,767
Ouachita Parish Sheriff Department - State of Louisiana	1,597
University of Louisiana at Monroe - State of Louisiana	<u>4,500</u>
Total Special Revenue Funds	<u>\$ 233,079</u>

NOTE 9 COMPENSATED ABSENCES

At June 30, 2017, employees of the Fourth Judicial District Court have accumulated and vested \$92,918 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$7,180 is recorded as an obligation of the General Fund and \$85,738 is recorded as an obligation of the Special Revenue Funds.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10 CHANGES IN AGENCY FUND DEPOSITS DUE OTHERS

A summary of changes in agency fund deposits due others follows:

	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at End of Year</u>
Agency Funds:				
Misdemeanor Probation Fund				
Ouachita Parish Sheriff's Dept., Monroe, Louisiana	\$ 0	\$ 12,322	\$ (12,322)	\$ 0
Morehouse Parish Sheriff's Dept., Bastrop, Louisiana	0	0	0	0
Indigent Defender Board, Monroe, Louisiana	0	46,476	(46,476)	0
Criminal Court Fund, Monroe, Louisiana	0	6,596	(6,596)	0
Restitution Recipients, Fourth District, State of Louisiana	<u>0</u>	<u>62,073</u>	<u>(62,073)</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 127,467</u>	<u>\$ (127,467)</u>	<u>\$ 0</u>

NOTE 11 JOINT VENTURES

The Child Support Fund has entered into agreements with the Ouachita Parish Police Jury, Ouachita Clerk of Court, and the Morehouse Clerk of Court for reimbursement of salaries, payroll taxes, group insurance, retirement and workman's compensation related to employees. The Misdemeanor Probation Fund and Drug Court Fund have also entered into agreements with the Ouachita Parish Police Jury for reimbursement of salaries, payroll taxes, group insurance, retirement and workman's compensation related to employees. The Ouachita Parish Police Jury and Morehouse Parish Police Jury are reimbursed one dollar per page per case filed by those offices for costs directly related to the indigent cases of the Judicial Expense Fund included in these financial statements as a General Fund expense. As the Fourth Judicial District Court, Child Support Fund, Misdemeanor Probation Fund, and Drug Court Fund reimburses the other governmental units, the appropriate expense accounts are debited and reflected in the financial statements.

NOTE 12 GRANT PROGRAMS

Families in Need of Services (FINS)

The Court was ordered to furnish the administration and implementation of Families In Need of Services, per Title VII of the Louisiana Children's Code, within the Fourth Judicial District, State of Louisiana.

Effective April 1, 2007 the Court entered into a contract with the Ouachita Parish District Attorney to administer the program.

The Fourth Judicial District Court, Judicial Expense Fund, continues to participate in another contract with the Louisiana Supreme Court, State of Louisiana under the "Families In Need of Services Program" (FINS). The contract was continued for the period beginning July 1, 2016 until June 30, 2017 and funded monthly from July 1, 2016 until June 30, 2017 for \$51,372.

The total expenditures of the Fourth Judicial District Court, Judicial Expense Fund related to the FINS program was \$50,721 for the fiscal year ended June 30, 2017.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 GRANT PROGRAMS (Cont'd)

Temporary Assistance for Needy Families (TANF)

The Fourth Judicial District Court, Court Services Fund, has been awarded from the Supreme of Louisiana, Drug Court Program funds that include federal grants totaling \$104,437 during the fiscal year ended June 30, 2017 from the "Temporary Assistance for Needy Families" (TANF) program for the Adult Drug Court program.

The total expenditures of the Fourth Judicial District Court related to this "Adult Drug Court" program were \$104,437 for the fiscal year ending June 30, 2017.

The Fourth Judicial District Court, Juvenile Drug Court Fund, has been awarded from the Supreme Court of Louisiana, Drug Court Program funds that include federal grants totaling \$127,500 during the fiscal year ended June 30, 2017 from the "Temporary Assistance for Needy Families" (TANF) program.

The total expenditures of the Fourth Judicial District Court related to this program were \$124,337 for the fiscal year ending June 30, 2017.

State Justice Institute

The Fourth Judicial District Court has been awarded from the State Justice Institute (SJI) \$50,000 during the fiscal year ended June 30, 2017 to develop an information technology strategic plan and strategic direction for the Judicial District.

The total expenditures of the Fourth Judicial District Court related to this award were \$55,000 for the fiscal year ending June 30, 2017.

NOTE 13 RISK MANAGEMENT

The Fourth Judicial District Court, Judicial Expense Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions and natural disasters for which the Fourth Judicial District Court, Judicial Expense Fund carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 14 SUBSEQUENT EVENTS

There were no significant events subsequent to June 30, 2017. Management has evaluated subsequent events through December 08, 2017, the date which the financial statements were available for release.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**REQUIRED SUPPLEMENTARY INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES**

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
(JUDICIAL EXPENSE FUND)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows):				
Court Fees - Ouachita Parish	\$ 260,900	\$ 296,215	\$ 299,800	\$ 3,585
Court Fees - Morehouse Parish	39,100	42,200	43,447	1,247
Grant Revenue	51,372	101,372	101,372	
Warrant Revenue	1,080,800	1,057,895	1,057,713	(182)
Interest Income	627	1,516	1,705	189
Other Income	<u>3,493</u>	<u>4,178</u>	<u>4,178</u>	
Amounts Available for Appropriation	<u>\$ 1,436,292</u>	<u>\$ 1,503,376</u>	<u>\$ 1,508,215</u>	<u>\$ 4,839</u>
Charges to Appropriation (Outflows):				
Asset Expenditures	\$ 8,765	\$ 6,800	\$ 6,800	\$
Small Asset Expenditures	2,575	4,295	4,362	67
Court Reporter Costs	615	2,870	2,762	(108)
Grant - State Justice Inst. Exp.		51,667	51,667	
Insurance Expense	208,285	210,378	207,510	(2,868)
Internet Access	5,870	5,695	5,565	(130)
Miscellaneous	2,425	2,315	2,350	35
Office Supplies and Postage	17,328	14,282	15,279	997
Payroll Taxes	16,395	13,950	14,138	188
Professional Fees	74,765	62,900	64,277	1,377
Reference Materials and Dues	4,000	3,200	1,888	(1,312)
Rent	13,272	13,517	15,202	1,685
Repair, Maintenance and Warranty	4,215	2,585	2,436	(149)
Retirement Expense	207,085	191,639	190,797	(842)
Salaries	927,310	882,115	879,007	(3,108)
Seminars, Meetings, and Travel	49,535	44,300	51,538	7,238
Telephone Expense	<u>7,110</u>	<u>6,682</u>	<u>6,954</u>	<u>272</u>
Total Charges to Appropriation	<u>\$ 1,549,550</u>	<u>\$ 1,519,190</u>	<u>\$ 1,522,532</u>	<u>\$ 3,342</u>
Excess of Resources Over (Under) Charges for Appropriation	\$ (113,258)	\$ (15,814)	\$ (14,317)	\$ 1,497
Fund Balance - Beginning	<u>422,866</u>	<u>422,866</u>	<u>422,866</u>	
Fund Balance - Ending	<u><u>\$ 309,608</u></u>	<u><u>\$ 407,052</u></u>	<u><u>\$ 408,549</u></u>	<u><u>\$ 1,497</u></u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
(CHILD SUPPORT FUND)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows):				
Court Fees	\$ 748,000	\$ 747,700	\$ 759,468	\$ 11,768
Interest Income	4,170	3,865	3,861	(4)
Other Income		16	16	
Transfers from Other Funds				
Amounts Available for Appropriation	<u>\$ 752,170</u>	<u>\$ 751,581</u>	<u>\$ 763,345</u>	<u>\$ 11,764</u>
Charges to Appropriation (Outflows):				
Asset Expenditures	\$ 2,900	\$ 5,480	\$ 5,478	\$ (2)
Small Asset Expenditures	1,500	1,111	1,111	
Grant - State Justice Inst. Exp.		1,667	1,667	
Insurance Expense	58,200	61,300	61,285	(15)
Internet Access	1,500	1,551	1,551	
Miscellaneous	2,500	1,122	1,190	68
Payroll Taxes	8,200	9,132	9,132	
Professional Fees	21,900	34,650	35,142	492
Reference Materials and Dues	60,800	59,600	63,048	3,448
Rent	10,192	8,015	8,586	571
Repair, Maintenance, and Warranty	1,575	2,879	2,846	(33)
Retirement Expense	121,000	96,600	96,538	(62)
Salaries	453,000	480,200	482,529	2,329
Seminars, Meetings & Travel	3,950	2,853	2,846	(7)
Supplies	4,800	4,458	6,599	2,141
Telephone and Utility Expense	575	646	646	
Total Charges to Appropriation	<u>\$ 752,592</u>	<u>\$ 771,264</u>	<u>\$ 780,194</u>	<u>\$ 8,930</u>
Excess of Resources Over (Under) Charges for Appropriation	\$ (422)	\$ (19,683)	\$ (16,849)	\$ 2,834
Fund Balance - Beginning	<u>759,522</u>	<u>759,522</u>	<u>759,522</u>	
Fund Balance - Ending	<u>\$ 759,100</u>	<u>\$ 739,839</u>	<u>\$ 742,673</u>	<u>\$ 2,834</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
(MISDEMEANOR PROBATION FUND)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Resources (Inflows):				
Court Fees	\$ 729,400	\$ 689,700	\$ 677,641	\$ (12,059)
Interest Income	2,655	2,500	2,475	(25)
Transfers from Other Funds				
Amounts Available for Appropriation	<u>\$ 732,055</u>	<u>\$ 692,200</u>	<u>\$ 680,116</u>	<u>\$ (12,084)</u>
Charges to Appropriation (Outflows):				
Asset Expenditures	\$ 7,800	\$ 5,721	\$ 5,721	\$
Small Asset Expenditures	525			
Grant - State Justice Inst. Exp.		1,666	1,666	
Insurance Expense	109,100	97,000	96,997	(3)
Internet Access	2,055	2,260	2,258	(2)
Miscellaneous	3,305	800	796	(4)
Postage	4,700	6,000	5,760	(240)
Payroll Taxes	7,600	7,700	7,646	(54)
Professional Fees	29,000	38,000	38,360	360
Reference Materials and Dues	500	1,650	1,640	(10)
Rent	11,892	11,892	12,618	726
Repair, Maintenance, and Warranty	19,155	14,455	13,874	(581)
Retirement Expense	73,200	63,000	62,623	(377)
Salaries	504,000	493,000	495,098	2,098
Seminars, Meetings & Travel	7,500	2,786	2,814	28
Supplies	9,825	12,200	11,893	(307)
Telephone and Utility Expense	5,000	7,000	6,660	(340)
Total Charges to Appropriation	<u>\$ 795,157</u>	<u>\$ 765,130</u>	<u>\$ 766,424</u>	<u>\$ 1,294</u>
Excess of Resources Over (Under) Charges for Appropriation	<u>\$ (63,102)</u>	<u>\$ (72,930)</u>	<u>\$ (86,308)</u>	<u>\$ (13,378)</u>
Fund Balance - Beginning	<u>451,523</u>	<u>451,523</u>	<u>451,523</u>	
Fund Balance - Ending	<u>\$ 388,421</u>	<u>\$ 378,593</u>	<u>\$ 365,215</u>	<u>\$ (13,378)</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
(DRUG COURT FUND)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows):				
Drug Screen Fees	\$ 51,100	\$ 45,000	\$ 44,521	\$ (479)
Supreme Court	315,000	325,000	325,563	563
Supreme Court - TANF	<u>120,000</u>	<u>105,000</u>	<u>104,437</u>	<u>(563)</u>
Amounts Available for Appropriation	<u>\$ 486,100</u>	<u>\$ 475,000</u>	<u>\$ 474,521</u>	<u>\$ (479)</u>
Charges to Appropriation (Outflows):				
Asset Expenditures	\$	\$ 194	\$ 194	\$
Insurance Expense	14,500	26,300	26,302	2
Internet Access	535	590	586	(4)
Payroll Taxes	1,750	1,650	1,637	(13)
Professional Fees	192,050	186,760	186,712	(48)
Reference Materials and Dues	250		1,916	1,916
Repair, Maintenance, and Warranty	200			
Retirement Expense	17,400	15,585	15,522	(63)
Salaries	126,500	122,100	122,411	311
Seminars, Meetings & Travel	9,000	9,850	8,666	(1,184)
Supplies	<u>116,565</u>	<u>120,700</u>	<u>122,906</u>	<u>2,206</u>
Total Charges to Appropriation	<u>\$ 478,750</u>	<u>\$ 483,729</u>	<u>\$ 486,852</u>	<u>\$ 3,123</u>
Excess of Resources Over (Under) Charges for Appropriation	\$ 7,350	\$ (8,729)	\$ (12,331)	\$ (3,602)
Fund Balance - Beginning	<u>162,478</u>	<u>162,478</u>	<u>162,478</u>	
Fund Balance - Ending	<u>\$ 169,828</u>	<u>\$ 153,749</u>	<u>\$ 150,147</u>	<u>\$ (3,602)</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
(JUVENILE DRUG COURT FUND)
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Resources (Inflows):				
Drug Screen Fees	\$ 400	\$ 300	\$ 393	\$ 93
Supreme Court-TANF	127,500	127,500	126,116	(1,384)
Interest Income	22	22	22	
Amounts Available for Appropriation	<u>\$ 127,922</u>	<u>\$ 127,822</u>	<u>\$ 126,531</u>	<u>\$ (1,291)</u>
Charges to Appropriation (Outflows):				
Asset Expenditures	\$ 1,435	\$ 5,600	\$ 5,575	\$ (25)
Insurance Expense	5,200	111	121	10
Internet Access	111	1,979		(1,979)
Miscellaneous	1,984	500	760	260
Office Supplies and Postage	150	560	556	(4)
Payroll Taxes	500	56,400	56,476	76
Professional Fees	56,400	25		
Reference Materials and Dues	25	5,200	5,071	(129)
Retirement Expense	5,500	40,000	40,473	473
Salaries	40,000	2,150	908	(1,242)
Seminars, Meetings & Travel	2,000	15,000	14,397	(603)
Supplies	14,195			
Total Charges to Appropriation	<u>\$ 127,500</u>	<u>\$ 127,500</u>	<u>\$ 124,337</u>	<u>\$ (3,163)</u>
Excess of Resources Over (Under) Charges for Appropriation	\$ 422	\$ 322	\$ 2,194	\$ 1,872
Fund Balance - Beginning	<u>(17,906)</u>	<u>(17,906)</u>	<u>(17,906)</u>	
Fund Balance - Ending	<u>\$ (17,484)</u>	<u>\$ (17,584)</u>	<u>\$ (15,712)</u>	<u>\$ 1,872</u>

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2017**

A. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (LASERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	0.02822 %	0.03213 %	0.03841 %
Employer's proportionate share of the net pension	\$ 2,216,304	\$ 2,185,121	\$ 2,401,548
Employer's covered employee payroll	\$ 665,869	\$ 609,748	\$ 705,740
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	333 %	358 %	340 %
Plan fiduciary net position as a percentage of the total pension liability	57.7 %	62.7 %	65.0 %

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.

B. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	.2330 %	.2152 %	.1892 %
Employer's proportionate share of the net pension liability (asset)	\$ 479,871	\$ 566,352	\$ 51,718
Employer's covered employee payroll	\$ 1,381,831	\$ 1,292,676	\$ 1,242,323
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	34.72 %	43.81 %	4.16 %
Plan fiduciary net position as a percentage of the total pension liability	94.10 %	92.23 %	99.15 %

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

C. LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's proportion of the net pension liability (asset)	.046574 %	.046973 %	.0400 %
Employer's proportionate share of the net pension liability (asset)	\$ 86,162	\$ 70,461	\$ 51,269
Employer's covered employee payroll	\$ 30,840	\$ 28,640	\$ 29,510
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	279.38 %	246.02 %	173.70 %
Plan fiduciary net position as a percentage of the total pension liability	18.30 %	17.90 %	20.62 %

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2017**

A. LOUISIANA STATE EMPLOYEES' RETIREMENT SYSTEM (LASERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 213,438	\$ 202,820	\$ 233,460	\$ 236,266
Contributions in relation to contractually required contributions	<u>213,438</u>	<u>224,359</u>	<u>249,993</u>	<u>254,614</u>
Contribution deficiency (excess)	0	(21,539)	(16,533)	(18,348)
Employer's covered employee payroll	\$ 530,660	\$ 665,869	\$ 609,748	\$ 705,740
Contributions as a percent of covered employee payroll	40.2%	33.7%	41.0%	36.1%

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

B. PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 180,417	\$ 233,460	\$ 170,323	\$ 182,481
Contributions in relation to contractually required contributions	<u>179,638</u>	<u>180,151</u>	<u>178,874</u>	<u>182,481</u>
Contribution deficiency (excess)	779	53,309	(8,551)	0
Employer's covered employee payroll	\$ 1,381,831	\$ 1,292,676	\$ 1,242,323	\$ 1,424,838
Contributions as a percent of covered employee payroll	13.0%	13.9%	14.4%	12.8%

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

C. LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,404	\$ 8,077	\$ 7,804	\$ 7,287
Contributions in relation to contractually required contributions	<u>8,404</u>	<u>8,077</u>	<u>7,804</u>	<u>7,287</u>
Contribution deficiency (excess)	0	0	0	0
Employer's covered employee payroll	\$ 30,840	\$ 28,640	\$ 29,510	\$ 28,640
Contributions as a percent of covered employee payroll	27.3%	28.2%	26.4%	25.4%

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

CHANGES OF BENEFIT TERMS

A. Louisiana State Employees' Retirement System

- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session,
- Added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

B. Parochial Employees' Retirement System

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

C. Louisiana Clerks' of Court Retirement and Relief Fund

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

CHANGES OF ASSUMPTIONS

A. Louisiana State Employees' Retirement System

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

B. Parochial Employees' Retirement System

For the actuarial valuation for the year ended December 31, 2016, the salary increase rate was reduced from 5.25% to 5.00%.

C. Louisiana Clerks' of Court Retirement and Relief Fund

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

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE OF FUNDING PROGRESS OF OPEB PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

The Schedule of Funding Progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Project Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2016	\$ 0	\$ 1,597,670	\$ (1,597,670)	0%	\$ 134,098	1191.4%
July 1, 2015	\$ 0	\$ 1,805,000	\$ (1,805,000)	0%	\$ 134,098	1346.0%
July 1, 2014	\$ 0	\$ 1,711,700	\$ (1,711,700)	0%	\$ 180,200	949.9%
July 1, 2013	\$ 0	\$ 1,270,900	\$ (1,270,900)	0%	\$ 696,500	182.5%
July 1, 2012	\$ 0	\$ 1,371,000	\$ (1,371,000)	0%	\$ 560,000	244.8%

The Court is currently funding on a pay as you go basis and therefore has no assets.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

SUPPLEMENTARY INFORMATION

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

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

The Honorable Judges of the
Fourth Judicial District Court
Judicial Expense Fund
Monroe, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the component unit financial statements of the governmental activities and the aggregate remaining fund information and each major fund of the Fourth Judicial District Court, Judicial Expense Fund, a component unit of the Ouachita Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Fourth Judicial District Court, Judicial Expense Fund's component unit financial statements and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

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

The Honorable Judges of the
Fourth Judicial District Court, Judicial Expense Fund
Page 2

Compliance and Other Matters

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

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.

Cameroon, Hines & Company (APAC)

West Monroe, Louisiana
December 8, 2017

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the component unit financial statements of the Fourth Judicial District Court, Judicial Expense Fund.
2. No significant deficiencies or material weaknesses are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Fourth Judicial District Court, Judicial Expense Fund were disclosed during the audit.
4. No management letter was issued in connection with the audit.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No findings are reported.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SUMMARY SCHEDULE OF PRIOR FINDINGS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

There were no findings in the prior year report.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE I - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
WITH NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Program Award Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services Passed through the Louisiana Supreme Court <u>TANF Cluster:</u>				
Temporary Assistance of Needy Families	93.558			
Adult Drug Court		\$ 104,437	\$ 104,437	\$ 104,437
Juvenile Drug Court		<u>127,500</u>	<u>126,116</u>	<u>124,337</u>
Total TANF Cluster		<u>\$ 231,937</u>	<u>\$ 230,553</u>	<u>228,774</u>
Total U.S. Department of Health and Human Services		<u>\$ 231,937</u>	<u>\$ 230,553</u>	<u>\$ 228,774</u>

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the Fourth Judicial District Court. The Fourth Judicial District Court's primary government reporting entity is defined in Note 1 of the Court's financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other governmental agencies are included on this schedule. The Fourth Judicial District Court did not pass through any of its federal awards to a subrecipient during the year.

2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Fourth Judicial District Court under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fourth Judicial District Court, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fourth Judicial District Court.

3. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting. Fourth Judicial District Court does not utilize an indirect cost rate.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE II - SCHEDULE OF JUDGES
FOR THE YEAR ENDED JUNE 30, 2017**

Division A	Chief Judge Scott B. Leehy
Division B	Judge Sharon I. Marchman
Division C	Judge Wilson Rambo
Division D	Chief Judge H. Stephens Winters
Division E	Judge Frederic C. Amman
Division F	Judge C. Wendell Manning
Division G	Judge Carl Van Sharp
Division H	Judge Larry Jefferson
Division I	Judge Alvin R. Sharp
Division J	Judge Robert C. Johnson
Division K	Judge Daniel J. Ellender

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE III - STATEMENT OF FINANCIAL POSITION
SCHEDULE OF COMBINING ACCOUNTS
GENERAL FUND
JUNE 30, 2017**

	<u>Judicial Expense Fund</u>	<u>FINS Fund</u>	<u>Payroll Account</u>	<u>Combined Accounts</u>
Assets				
Cash and Cash Equivalents	\$ 427,228	\$ 38,091	\$ 55,875	\$ 521,194
Accounts Receivable			486	486
Due From Other Governmental Units	27,826			27,826
Prepaid Expenses and Deposits	2,585		4,537	7,122
Due From Other Funds				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 457,639</u>	<u>\$ 38,091</u>	<u>\$ 60,898</u>	<u>\$ 556,628</u>
Deferred Outflows of Resources				
Deferred Rent Paid	\$ 400	\$	\$	\$ 400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Outflows of Resources	<u>\$ 400</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400</u>
Total Assets and Deferred Outflows	<u>\$ 458,039</u>	<u>\$ 38,091</u>	<u>\$ 60,898</u>	<u>\$ 557,028</u>
Liabilities and Fund Balances				
Liabilities				
Accrued and Other Liabilities	\$ 28,227	\$	\$ 5,343	\$ 33,570
Due to Other Governmental Units	26,035		80,527	106,562
Compensated Absences Payable	7,180			7,180
Due to Other Funds	1,167			1,167
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 62,609</u>	<u>\$ 0</u>	<u>\$ 85,870</u>	<u>\$ 148,479</u>
Fund Balances				
Nonspendable	\$ 2,985	\$	\$ 4,537	\$ 7,522
Restricted		38,091		38,091
Unassigned	392,445		(29,509)	362,936
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 395,430</u>	<u>\$ 38,091</u>	<u>\$ (24,972)</u>	<u>\$ 408,549</u>
Total Liabilities and Fund Balances	<u>\$ 458,039</u>	<u>\$ 38,091</u>	<u>\$ 60,898</u>	<u>\$ 557,028</u>

* After internal receivables and payables have been eliminated.

**FOURTH JUDICIAL DISTRICT COURT
JUDICIAL EXPENSE FUND
MONROE, LOUISIANA**

**SCHEDULE IV - STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
SCHEDULE OF COMBINING ACCOUNTS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Judicial Expense Fund	FINS Fund	Payroll Account	Combined Accounts
Revenues				
Court Fees - Ouachita Parish	\$ 297,636	\$	\$	\$ 297,636
Court Fees - Morehouse Parish	43,447			43,447
Court Fees - Probation Review Court	2,164			2,164
Grant Revenue	50,000	51,372		101,372
Warrant Revenue - Ouachita Parish			945,431	945,431
Warrant Revenue - Morehouse Parish			112,282	112,282
Interest Income	1,255		450	1,705
Other Income	1,146		3,032	4,178
Transfers In From Other Funds				
Amounts Available for Appropriation	<u>\$ 395,648</u>	<u>\$ 51,372</u>	<u>\$ 1,061,195</u>	<u>\$ 1,508,215</u>
Expenditures				
Asset Expenditures	\$ 6,800	\$	\$	\$ 6,800
Small Asset Expenditures	4,362			4,362
Court Reporter Costs	2,762			2,762
Grant - State Justice Inst. Exp.	51,667			51,667
Insurance Expense	51,405	5,089	151,016	207,510
Internet Access	5,543	22		5,565
Miscellaneous	1,240		1,110	2,350
Office Supplies & Postage	11,732	3,547		15,279
Payroll taxes	2,663	435	11,040	14,138
Professional Fees	59,332	1,700	3,245	64,277
Reference Materials & Dues	1,888			1,888
Rent	14,004	1,198		15,202
Repair, Maintenance, & Warranty	2,436			2,436
Retirement Expense	15,355	4,080	171,362	190,797
Salaries	116,947	32,001	730,059	879,007
Seminars, Meetings, & Travel	49,618	1,920		51,538
Telephone Expense	6,225	729		6,954
Transfer Out to Other Funds				
Total Charges to Appropriation	<u>\$ 403,979</u>	<u>\$ 50,721</u>	<u>\$ 1,067,832</u>	<u>\$ 1,522,532</u>
Excess of Resources Over (Under) Charges for Appropriation	\$ (8,331)	\$ 651	\$ (6,637)	\$ (14,317)
FUND BALANCE - BEGINNING	<u>403,761</u>	<u>37,440</u>	<u>(18,335)</u>	<u>422,866</u>
FUND BALANCE - ENDING	<u>\$ 395,430</u>	<u>\$ 38,091</u>	<u>\$ (24,972)</u>	<u>\$ 408,549</u>

CAMERON, HINES & COMPANY

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Fourth Judicial District Court and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the Court'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 Court does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts***, including receiving, recording, and preparing deposits.
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Court's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: No exceptions noted.

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

Findings: One exception was noted where the minutes did not reference monthly budget to actual comparisons.

Bank Reconciliations

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

Findings: We obtained the listing and management's representation.

- 4. Using the listing provided by management, select all of the Court'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;

- 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
- 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.

Findings: One exception was noted where there was no evidence that the Court had researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Collections

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

Findings: We obtained the listing and management's representation.

- 6. Using the listing provided by management, select all of the Court'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.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Court 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.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using Court's 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.
 - 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.

Findings: No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Court has a process specifically defined (identified as such by the Court) 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.

Findings: No exceptions noted.

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.

Findings: We obtained the general ledger and management's representation.

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

Findings: No exceptions noted.

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 Court's purchasing/disbursement system.

Findings: No exceptions noted.

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.

Findings: No exceptions noted.

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.

Findings: No exceptions noted.

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.

Findings: No signature stamp or signature machine is used by the Court. This step is not applicable.

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.

Findings: We obtained the listing and management's representation.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Court 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.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: No exceptions noted.

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

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Court'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.
- c) For each transaction, compare the Court'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.

Findings: 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.

Findings: We obtained the general ledger and the Court's travel and related expense reimbursements. We obtained management's representation.

18. Obtain the Court'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.

Findings: No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel 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 Court does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

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.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

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

Findings: No exceptions noted.

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.

Findings: We obtained the general ledger and noted that the Court did not have any contracts in effect during the fiscal period. We obtained management's representation.

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

Findings: No exceptions noted.

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.
 - 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.

Findings: No exceptions noted.

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 Court 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.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the Court maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Findings: No exceptions noted.

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.

Findings: No exceptions noted.

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.

Findings: No exceptions noted.

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 Court maintained documentation to demonstrate that required ethics training was completed.

Findings: No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the Court 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 Court’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Findings: We noted that no alleged ethics violations were reported to the Court during the fiscal period.

Debt Service (excluding nonprofits)

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

Findings: We noted that no debt was issued during the fiscal period.

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

Findings: We noted that the Court did not have any outstanding debt during the fiscal period.

30. If the Court 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.

Findings: We noted that the Court does not have tax millages relating to debt service.

Other

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

Findings: We noted that there were no misappropriations of public funds or assets reported to the Court.

32. Observe and report whether the Court 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.

Findings: No exceptions noted.

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

Findings: We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

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.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
December 8, 2017