

LIVINGSTON PARISH CLERK OF COURT

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2017

LIVINGSTON, LOUISIANA

TABLE OF CONTENTS

Independent Auditor's Report.....	Page 1 - 3
Required Supplemental Information	
Management's Discussion and Analysis.....	4 - 11
Government-Wide Financial Statements:	
Statement of Net Position (Deficit).....	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	14
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund.....	18
Statement of Fiduciary Net Position - Fiduciary Funds.....	19
Statement of Changes in Fiduciary Unsettled Deposits - Fiduciary Funds.....	20
Notes to the Financial Statements.....	21 - 43
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability (Schedule 1).....	44
Schedule of Contributions (Schedule 2).....	45
Notes to Required Supplementary Information.....	46
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	47 - 48
Schedule of Findings and Responses.....	49
Summary Schedule of Prior Year Findings.....	50
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	51 - 60

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court
Livingston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund of the Livingston Parish Clerk of Court “the Clerk” (a component unit of the Livingston Parish Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, the major fund (General Fund) and each fiduciary fund of the Livingston Parish Clerk of Court as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Livingston Parish Clerk of Court's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, schedule of proportionate share of the net pension liability, and the schedule of contributions on pages 4 through 11 and 44 - 46, respectively, 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.

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Clerk'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Livingston Parish Clerk of Court's internal control over financial reporting and compliance.

Respectfully submitted,

Harris J. Bourgeois, CPA

Denham Springs, Louisiana
December 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

LIVINGSTON PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Management's Discussion and Analysis (MD&A) for the Livingston Parish Clerk of Court (the Clerk) is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the Livingston Parish Clerk of Court's financial activities;
- identify changes in the Livingston Parish Clerk of Court's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
- identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- The Clerk's total fees, charges, and commissions for services revenues were \$4,250,948 compared to \$3,997,361 in the prior year, an increase of \$253,587 or 6%.
- Total expenses for the Clerk during the year ending June 30, 2017 were \$4,438,515 compared to \$4,520,177 in the prior year, a decrease of \$81,662 or almost 2%. The decrease was attributable to various factors including but not limited to not replacing personnel as they left employment, making a part time position in lieu of a full time position and very little need for equipment replacement.
- The Clerk's change in net position was \$140,745 which was an increase of \$327,659 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the reader to the basic financial statements contained in the annual report and provides an overview of the Livingston Parish Clerk of Court's financial activities. The Clerk of Court's basic financial statements consist of the following components:

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately before the notes to the financial statements.

A. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the financial operations of the Livingston Parish Clerk of Court as a whole in a format similar to private sector companies. Under this format, all governmental and business-type activities are consolidated into columns which add to a total for the governmental entity. For the Clerk of Court, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

- a. The Statement of Net Position presents information on all of the Clerk of Court's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, increases or decreases in net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or weakening.
- b. The Statement of Activities presents information showing how the Clerk of Court's net position changed during the fiscal years presented. All changes in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries, office expenditures, insurance, travel and auto allowances, other expenditures, intergovernmental transfers, and depreciation on capital assets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues. For the Clerk of Court, the only program (function) is "Judicial." Additionally, the Clerk does not receive any operating or capital grants or contributions. All revenues are generated from fees, charges and commissions for services.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

B. Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The Livingston Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds, and fiduciary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk of Court's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. The Livingston Parish Clerk of Court has only one governmental fund - the General Fund - which is used to account for the Clerk of Court's basic services.

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

The Livingston Parish Clerk of Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

The only type of *Fiduciary fund* maintained by the clerk is an "agency" fund. Agency funds are custodial in nature and represent assets held by the clerk as an agent for litigants pending court action. Under applicable standards of GASB 34, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

C. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. When reviewing this Management’s Discussion and Analysis, the reader should refer to and review the Notes to the Financial Statements as well as the Government-Wide and Fund Financial Statements.

Government-Wide Financial Analysis

Statement of Net Position

Presented below is a condensed Statement of Net Position for the Livingston Parish Clerk of Court. The condensed format allows the reader to view the overall financial position of the Clerk of Court. Explanation of the components of this statement, and the Condensed Statement of Activities, are included immediately following the tables.

Condensed Statement of Net Position - Governmental Activities

	Total Governmental Activities	
	2017	2016
Cash and Other Current Assets	\$ 1,682,673	\$ 1,369,855
Capital Assets, Net	273,017	313,717
Total Assets	1,955,690	1,683,572
Deferred Outflows - Related to Pensions	1,344,760	773,649
Other Liabilities	2,796,708	2,631,826
Net Pension Liability	3,810,021	3,140,271
Total Liabilities	6,606,729	5,772,097
Deferred Inflows - Related to Pensions	237,835	369,983
Net Position:		
Net Investment in Capital Assets	273,017	313,717
Unrestricted (Deficit)	(3,817,131)	(3,998,576)
Total Net Position (Deficit)	\$ (3,544,114)	\$ (3,684,859)

The clerk’s net position deficit decreased by \$140,745. Assets increased by 16% while liabilities increased by over \$800,000. The majority (\$669,750) of which was the increase in Net Pension Liability.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

Statement of Governmental Activities

A condensed Statement of Activities for the Livingston Parish Clerk of Court is presented below. It lists the major categories of revenues and expenses for the fiscal years ended June 30, 2017 and 2016.

Condensed Statement of Activities - Governmental Activities

	Total Governmental Activities	
	2017	2016
Program Revenues:		
Fees, Charges and Commissions for Services	\$ 4,250,948	\$ 3,997,361
Intergovernmental	289,668	281,994
Licenses	22,230	26,297
Total Program Revenues	4,562,846	4,305,652
General Revenues:		
Interest Income	21,448	27,611
Net Loss on Disposition of Assets	(5,034)	-
Total Revenues	4,579,260	4,333,263
Program Expenses:		
Salaries	2,041,151	2,263,768
Employee Benefits and Payroll Taxes	1,768,494	1,560,500
Office Expenditures and Insurance	410,312	443,971
Travel and Auto	1,341	5,230
Other Expenditures	131,073	154,429
Depreciation	86,144	92,279
Total Program Expenses	4,438,515	4,520,177
Change in Net Position (Deficit)	\$ 140,745	\$ (186,914)

The Condensed Statement of Activities presents revenues, expenses, and changes in net position separately for governmental activities. The condensed format allows for presentation of Program Revenues followed by a listing of General Revenues (Interest Income) to support the Livingston Parish Clerk of Court's overall governmental activities. Expenses are presented on a functional basis (Salaries, Office Expenditures and Insurance, Travel and Auto Allowances, and Other Expenditures), with depreciation on fixed assets listed separately since the assets serve essentially all functions.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

The Clerk's total revenues increased by over five percent --- approximately \$250,000. The increase was mainly attributable to revenues from fees, charges and commissions from services increasing by just over \$250,000. The total cost of all programs and services decreased approximately \$82,000 - about two percent. The decrease was mainly attributable to not having many costs of the past including reduced staff and associated expenses. The combined effect of all activities resulted in an increase in net position of \$140,745 for the year.

Analysis of Fund Financial Statements

The Livingston Parish Clerk of Court maintains only one “governmental fund” - the General Fund (formerly reported as the Salary Fund). Its statements are presented as follows:

<u>Description of Financial Statement</u>	<u>Page Numbers</u>
Balance Sheet	14
Statement of Revenues, Expenditures, and Changes in Fund Balance	16

Governmental Funds

Under the modified-accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the Livingston Parish Clerk of Court. The analysis in this section includes a discussion of components of the Fund Financial Statements, but concentrates on differences not discussed previously for the Government-Wide Financial Statements. At fiscal year-end, the General Fund reported an Unassigned Fund Balance of \$1,563,707 an increase of \$422,108 from 2016’s balance of \$1,141,599. Cash and Cash Equivalents and Receivables totaling \$1,635,714 in 2017 increased by \$306,154 from 2016’s balance of \$1,329,560. Capital Assets are presented only in the Government-Wide presentation. The Fund Financial Statements only account for current financial resources; therefore, current year capital expenditures are accounted for in the current year operating statement (Statement of Revenues, Expenditures, and Changes in Fund Balance). Current liabilities included in the Fund Financial Statements consist of Accounts Payable, Accrued Salaries and Wages, Payroll Taxes and Related Employee Benefits, and Due to Primary Government.

The fund reporting format presents in the Statement of Revenues, Expenditures, and Changes in Fund Balance all revenue types followed by the expenditures of the Livingston Parish Clerk of Court, also presented on a functional basis but in more detail than the Government-Wide Financial Statements. The major revenue and expenditure sources are similar to the government-wide presentation. The differences in total expenditures are in the reporting of capital expenditures, depreciation and cash expended for insurance. As previously noted, in the Fund Financial Statements capital expenditures are reported on the operating statement (Statement of Revenues, Expenditures, and Changes in Fund Balance); whereas the Government-Wide Financial Statements report capital assets on the Statement of Net Position with depreciation expense recorded on the Statement of Activities in a manner similar to a private business enterprise.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

General Fund Budgetary Highlights

The Clerk demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized. Actual revenues were greater than final budgeted revenues by slightly less than two percent; and actual expenditures were less than final budgeted expenditures by approximately six percent.

Capital Assets at Year-End

	<u>Governmental Activities</u>
Beginning Balance	\$ 616,818
Plus Additions	50,478
Less Deletions	(103,946)
Less Accumulated Depreciation	<u>(290,333)</u>
Ending Balance	<u>\$ 273,017</u>

For governmental activities, there were no major capital additions during the fiscal year; only PC computer workstations and related hardware were replaced as part of the normal replacement cycle.

- ❖ GASB Statement No. 34 requires adoption of a capitalization “threshold” policy. “Threshold” policy means that a policy must be adopted indicating the bottom limit at which a purchased asset must be capitalized (added to the capital asset listing) and depreciated in accordance with requirements of GASB Statement No. 34. The Livingston Parish Clerk of Court maintains a “threshold” of \$1,000 or more for capitalizing and depreciating assets. Moveable assets costing \$500 or more are “tagged” and monitored for stewardship purposes.

Long-Term Debt

The debt structure is simple for the Livingston Parish Clerk of Court since Clerks of Court are not allowed to incur long-term indebtedness for bonds or notes payable. At year-end, the Livingston Parish Clerk of Court had no long-term debt outstanding.

LIVINGSTON PARISH CLERK OF COURT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2017

Economic Factors

The Clerk of Court is dependent upon its services for well over 90% of its revenues; however, the same duties must be performed whether revenue permits the expenses or not. It leaves the Clerk vulnerable to the economics of the parish – mainly the real estate market. Revenue increases or decreases in direct relation to this market; however, expenses remain relatively constant. The fiscal year of 2016-2017 saw tremendous turmoil as the area experienced “The Historic Flood of 2016.” Over 80% of the parish was inundated with record breaking flood waters including homes as well as businesses. The real estate market was completely halted for several months as buyers and sellers had no clue how to value property. Property owners who had been flooded were given the opportunity to participate in the Small Business Administration Loan program to fund the restoration of their homes and businesses. The loans required cancellation of previous mortgages as well as recordation of new ones. These fees sustained the clerk’s office when property was not being transferred. Due to “The Great Flood of 2016,” records will not accurately reflect a true picture of the past, much less any vision to the future of revenue and expenses to be expected in the coming year.

The three main operational divisions of the Clerk can be characterized as:

- *Notarial* - the recordation and maintenance of all land transactions, mortgages, liens, UCC's and other instruments in the public record and the issuance of marriage licenses;
- *Civil* - the processing and maintaining of civil, probate and adoption cases including the preparation of court minutes and notices;
- *Criminal* - the processing and maintaining of criminal and traffic cases including the preparation of court minutes and notices.

Requests for Information

This financial report is designed to provide a general overview of the Livingston Parish Clerk of Court’s finances and to demonstrate the Clerk of Court’s accountability. If you have questions regarding this report or need additional information, contact Thomas L. Sullivan, Jr., Clerk of Court, Livingston Parish Clerk of Court, First Floor Courthouse Building, P.O. Box 1150, Livingston, LA 70454; phone number (225) 686-2216.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF NET POSITION (DEFICIT)

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,578,336	\$ 1,272,563
Receivables, Net	95,700	88,655
Prepaid Insurance	8,637	8,637
Capital Assets (Net of Accumulated Depreciation)	<u>273,017</u>	<u>313,717</u>
Total Assets	<u>1,955,690</u>	<u>1,683,572</u>
DEFERRED OUTFLOW OF RESOURCES		
Deferred Outflows - Related to Pensions	<u>1,344,760</u>	<u>773,649</u>
LIABILITIES		
Accounts Payable	145	157
Payroll Taxes and Related Benefits Payable	24,350	20,339
Accrued Salary and Wages	74,454	188,223
Due to Primary Government	11,380	10,900
Unfunded Other Post Employment Benefits	2,686,379	2,412,207
Net Pension Liability	<u>3,810,021</u>	<u>3,140,271</u>
Total Liabilities	<u>6,606,729</u>	<u>5,772,097</u>
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows - Related to Pensions	<u>237,835</u>	<u>369,983</u>
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	273,017	313,717
Unrestricted (Deficit)	<u>(3,817,131)</u>	<u>(3,998,576)</u>
Total Net Position (Deficit)	<u>\$ (3,544,114)</u>	<u>\$ (3,684,859)</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
<u>Governmental Activities:</u>		
Expenses:		
Judicial:		
Salaries and Wages	\$ 2,041,151	\$ 2,263,768
Employee Benefits and Payroll Taxes	1,768,494	1,560,500
Office Expenses	385,589	419,563
Insurance	24,723	24,408
Auto/Travel	1,341	5,230
Other Expenses	131,073	154,429
Depreciation	86,144	92,279
Total Expenses	4,438,515	4,520,177
Program Revenues:		
Fees, Charges and Commissions for Services:		
Recordings	1,752,331	1,444,563
Uniform Commercial Code Fees	90,427	118,442
Cancellations	92,698	91,001
Mortgage Certificates	13,776	16,002
Court Attendance	11,820	11,860
Photocopies	511,990	452,177
Fines and Forfeitures	240,381	261,888
Suits and Successions	1,507,901	1,584,490
Other Fees	29,624	16,938
Intergovernmental	289,668	281,994
Licenses	22,230	26,297
Net Program Revenues (Expenses)	124,331	(214,525)
General Revenues:		
Interest Revenue	21,448	27,611
Net Loss on Disposition of Assets	(5,034)	-
Total General Revenues	16,414	27,611
Change in Net Position	140,745	(186,914)
Net Position (Deficit) - Beginning of Year	(3,684,859)	(3,497,945)
Net Position (Deficit) - End of Year	\$ (3,544,114)	\$ (3,684,859)

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

LIVINGSTON PARISH CLERK OF COURT

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2017
(With Comparative Totals as of June 30, 2016)

	General Fund	
	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 1,578,336	\$ 1,272,563
Receivables	57,378	56,997
Due from Other Funds	1,449	2,606
Due from Other Governments	36,873	29,052
Prepaid Expenses	8,637	8,637
	\$ 1,682,673	\$ 1,369,855
	\$ 1,682,673	\$ 1,369,855
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	\$ 145	\$ 157
Accrued Salary and Wages	74,454	188,223
Payroll Taxes and Related Benefits Payable	24,350	20,339
Due to Primary Government	11,380	10,900
	110,329	219,619
Fund Balances:		
Nonspendable:		
Prepaid Expenses	8,637	8,637
Unassigned	1,563,707	1,141,599
	1,572,344	1,150,236
Total Fund Balances	1,572,344	1,150,236
Total Liabilities and Fund Balances	\$ 1,682,673	\$ 1,369,855

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	2017	2016
Fund Balances - Total Governmental Fund	\$ 1,572,344	\$ 1,150,236
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:</p>		
<p>Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds</p>		
Cost of Capital Assets	563,350	616,818
Less: Accumulated Depreciation	(290,333)	(303,101)
	273,017	313,717
<p>Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds</p>		
Accumulated Unfunded Other Postemployment Benefits Payable	(2,686,379)	(2,412,207)
Net Pension Liability	(3,810,021)	(3,140,271)
Deferred Outflows of Resources Related to Pensions are not Reported in Governmental Funds	1,344,760	773,649
Deferred Inflows of Resources Related to Pensions are not Reported in Governmental Funds	(237,835)	(369,983)
Net Position (Deficit) of Governmental Activities	\$ (3,544,114)	\$ (3,684,859)

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	General Fund	
	2017	2016
Revenues:		
Fees, Charges and Commissions for Services:		
Recordings	\$ 1,752,331	\$ 1,444,563
Uniform Commercial Code Fees	90,427	118,442
Cancellations	92,698	91,001
Mortgage Certificates	13,776	16,002
Court Attendance	11,820	11,860
Photocopies	511,990	452,177
Fines and Forfeitures	240,381	261,888
Suits and Successions	1,507,901	1,584,490
Other Fees	29,624	16,938
Intergovernmental	73,636	67,247
Licenses	22,230	26,297
Interest Revenue	21,448	27,611
Total Revenues	4,368,262	4,118,516
Expenditures:		
Judicial:		
Salaries and Wages	2,041,151	2,263,768
Employee Benefits and Payroll Taxes	1,311,799	1,277,065
Office Expenditures	385,589	419,563
Insurance	24,723	24,408
Auto/Travel	1,341	5,230
Other Expenditures	131,073	154,429
	3,895,676	4,144,463
Capital Outlay	50,478	4,968
Total Expenditures	3,946,154	4,149,431
Excess (Deficiency) of Revenues Over Expenditures	422,108	(30,915)
Fund Balance - Beginning of Year	1,150,236	1,181,151
Fund Balance - End of Year	\$ 1,572,344	\$ 1,150,236

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	2017	2016
Net Change in Fund Balance - Total Governmental Fund	\$ 422,108	\$ (30,915)
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</p>		
<p>Governmental Funds Report Capital Outlays as Expenditures. In the Statement of Activities, the Costs of those Assets is Allocated over their Estimated Useful Lives as Depreciation Expense. This is the Amount by Which Depreciation Exceeded Capital Outlays in the Current Period:</p>		
Capital Outlay	50,478	4,968
Depreciation Expense	(86,144)	(92,279)
	(35,666)	(87,311)
Add: Accumulated Depreciation on Assets Retired During the Year	98,912	-
Less: Cost Basis of Assets Retired During the Year	(103,946)	-
<p>Some Expenditures Reported in the Governmental Funds do not Require the use of Current Financial Resources and are not Reported as Expenses in the Statement of Activities.</p>		
Net Change in Other Postemployment Benefits Obligation	(274,172)	(270,251)
(Increase)Decrease in Pension Expense	(182,523)	(13,184)
Proportionate share of non-employer contributions to the pension plans do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds	216,032	214,747
Change in Net Position of Governmental Activities	\$ 140,745	\$ (186,914)

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Fees, Charges and Commissions for Services:				
Recordings	\$ 1,565,300	\$ 1,710,000	\$ 1,752,331	\$ 42,331
Uniform Commercial Code Fees	122,700	90,000	90,427	427
Cancellations	60,000	91,000	92,698	1,698
Mortgage Certificates	15,800	13,800	13,776	(24)
Court Attendance	12,000	11,700	11,820	120
Photocopies	385,900	491,200	511,990	20,790
Fines and Forfeitures	282,000	233,000	240,381	7,381
Suits and Successions	1,580,000	1,490,000	1,507,901	17,901
Other Fees	11,725	34,925	29,624	(5,301)
Intergovernmental	64,700	75,100	73,636	(1,464)
Licenses	25,800	22,000	22,230	230
Interest Revenue	27,000	22,500	21,448	(1,052)
Total Revenues	4,152,925	4,285,225	4,368,262	83,037
Expenditures:				
Judicial:				
Salaries and Wages	2,102,430	2,215,000	2,041,151	173,849
Employee Benefits and Payroll Taxes	1,416,850	1,364,500	1,311,799	52,701
Office Expenditures	427,075	379,280	385,589	(6,309)
Insurance	29,425	30,210	24,723	5,487
Auto/Travel	15,200	1,750	1,341	409
Other Expenditures	124,680	128,197	131,073	(2,876)
	4,115,660	4,118,937	3,895,676	223,261
Capital Outlay	91,000	82,000	50,478	31,522
Total Expenditures	4,206,660	4,200,937	3,946,154	254,783
Excess (Deficiency) of Revenues Over Expenditures	(53,735)	84,288	422,108	337,820
Fund Balance - Beginning of Year	1,150,236	1,150,236	1,150,236	-
Fund Balance - End of Year	\$ 1,096,501	\$ 1,234,524	\$ 1,572,344	\$ 337,820

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2017

(With Comparative Totals as of June 30, 2016)

	<u>Agency Funds</u>		<u>Total Agency Funds</u>	
	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>2017</u>	<u>2016</u>
ASSETS				
Cash	\$ 4,418,926	\$ 1,276,886	\$ 5,695,812	\$ 5,297,632
Accounts Receivable	2,162	-	2,162	1,349
Total Assets	<u>\$ 4,421,088</u>	<u>\$ 1,276,886</u>	<u>\$ 5,697,974</u>	<u>\$ 5,298,981</u>
LIABILITIES				
Due to General Fund	\$ 1,335	\$ 114	\$ 1,449	\$ 2,606
Due to Taxing Bodies and Others	4,419,753	1,276,772	5,696,525	5,296,375
Total Liabilities	<u>4,421,088</u>	<u>1,276,886</u>	<u>5,697,974</u>	<u>5,298,981</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

STATEMENT OF CHANGES IN FIDUCIARY UNSETTLED DEPOSITS
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017
(With Comparative Totals for the Year Ended June 30, 2016)

	<u>Agency Funds</u>		<u>Total Agency Funds</u>	
	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>2017</u>	<u>2016</u>
Unsettled Deposits, Beginning of Year	\$4,128,110	\$1,168,265	\$ 5,296,375	\$ 4,804,417
Additions:				
Suits and Successions	3,253,229	-	3,253,229	3,425,266
Judgments	-	767,779	767,779	2,552,839
Interest Earned	-	100	100	135
Total Additions	3,253,229	767,879	4,021,108	5,978,240
Reductions:				
Clerk's Costs (Transferred to General Fund)	1,507,901	-	1,507,901	1,584,490
Settlements to Litigants	206,040	659,314	865,354	2,568,389
Sheriff's Fees	161,831	-	161,831	185,173
Parish Council Courthouse Fees	747,321	-	747,321	797,385
Other Reductions	338,493	58	338,551	350,845
Total Reductions	2,961,586	659,372	3,620,958	5,486,282
Unsettled Deposits, End of Year	\$ 4,419,753	\$ 1,276,772	\$ 5,696,525	\$ 5,296,375

The accompanying notes constitute an integral part of this statement.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies -

A. Organization and Nature of Operations

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public; the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

B. Reporting Entity

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Livingston Parish Council. The council maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture for the Clerk of Court's office if requested to do so by the Clerk of Court. Because the Clerk of Court is fiscally dependent on the council, the Clerk of Court was determined to be a component unit of the Livingston Parish Council, the financial reporting entity.

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

C. Basis of Statement Presentation

The accompanying component unit financial statements of the Livingston Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

D. Fund Accounting

The Clerk of Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

General Fund

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

Agency Funds

The Advance Deposit and Registry of Court Funds account for assets held as an agent for others. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

E. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Livingston Parish Clerk of Court.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

The Clerk of Court does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from recordings, copies, and other services are recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

Expenditures

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

F. Budgetary Policy and Accounting

The proposed budget for the 2017 fiscal year was made available for public inspection at the Clerk's office on June 30, 2016. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal prior to the public hearing. The budget hearing was held at the Clerk's office on June 30, 2016. The budget is legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end. The final amended budget was approved June 29, 2017.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

G. Encumbrances

The Clerk of Court does not use an encumbrance accounting system.

H. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

I. Prepaid Items

Payments made to vendors for general insurance that will benefit periods beyond June 30th are recorded as prepaid expenditures. These amounts are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

J. Capital Assets and Depreciation

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalization purposes.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Assets</u>	<u>Estimated Lives</u>
Office Equipment	5 Years
Furniture and Fixtures	5 to 7 Years
Automobiles	5 Years
Leasehold Improvements	30 Years

K. Compensated Absences

Employees receive 176 hours of personal time per year after one year of employment which must be used prior to the end of each calendar year. Accumulated leave is not paid to employees upon termination. Although not legally obligated to do so, the Clerk may pay the unused personal time in December depending on available funds. In accordance with GASB 16, Accounting for Compensated Absences, no liability for accrued unused employee leave is included in these financial statements.

L. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of a net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

All of the Clerk's deferred outflows and inflows of resources on the statement of net position are related to pensions. See pension Note 7.

M. Pensions

The Court is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Interfund Activities

The Clerk of Court transfers interest earned on deposits of the Advance Deposit Fund to the General Fund to be utilized by the General Fund in its operations. In those cases where the physical transfer of assets has not taken place as of year end, or where repayment is expected, these amounts are accounted for through the various due to and due from accounts.

O. Clerk's Fees Transferred from Advance Deposit Agency Fund

These fees represents revenue to the Clerk of Court earned from everyday operations such as copying and faxing for litigants and standard fees charged on suits. These fees are collected by a transfer of litigant's money deposited in the Advance Deposit Fund to the General Fund.

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2017, the Clerk had no outstanding debt.

Q. Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Clerk of Court. These amounts cannot be used for any other purpose unless the Clerk of Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Clerk of Court but are not spendable until a budget ordinance is passed.

Unassigned - All amounts not included in other spendable classifications. The Clerk has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (page 14). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office, limited to the amount of funding received from the parish treasurer. The amount owed to the parish treasurer under R.S. 13:785 is limited to the funds provided by the parish treasurer under provisions of R.S. 13:784 to help defray the costs of office furniture, equipment, and record books during the clerk of court's four year term. The Clerk's term expired on June 30, 2016, and there are no amounts due to the parish treasurer under the provisions of R.S. 13:785. The Clerk was re-elected and the current term will not expire until June 30, 2020.

R. Use of Estimates

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

S. Summary Financial Information for 2016

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the clerk's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 2 - Cash and Cash Equivalents -

At June 30, 2017, the carrying amount of the Clerk of Court's Cash and Cash Equivalents totaled \$7,274,148, and the confirmed bank balances totaled \$7,580,914. Cash and Cash Equivalents are stated at cost, which approximates market.

	Governmental Funds	Agency Funds	Total
Deposits in Bank Accounts per Balance Sheet	\$ 1,578,336	\$ 5,695,812	\$ 7,274,148
Bank Balances	\$ 1,570,354	\$ 6,010,560	\$ 7,580,914

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the Clerk regardless of its designation by the financial institution in which it is deposited. As of June 30, 2017, none of the Clerk's bank balance of \$7,580,914 was exposed to custodial credit risk.

Note 3 - Investments -

At June 30, 2017, all investments held by the Clerk of Court are classified as cash equivalents.

Note 4 - Receivables -

The receivables at June 30, 2017 are as follows:

	General Fund
Accounts	\$ 57,378
Intergovernmental	36,873
Due from Fiduciary Funds	1,449
	\$ 95,700

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 5 - Changes in General Fixed Assets -

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Governmental Activities:</u>				
Capital Assets being Depreciated:				
Building Additions	\$ 30,013	\$ -	\$ -	\$ 30,013
Vehicles	37,000	-	(37,000)	-
Furniture and Fixtures	26,875	-	-	26,875
Equipment	<u>522,930</u>	<u>50,478</u>	<u>(66,946)</u>	<u>506,462</u>
Totals	616,818	50,478	(103,946)	563,350
Less: Accumulated Depreciation for:				
Building Additions	3,001	2,001	-	5,002
Vehicles	31,450	617	(32,067)	-
Furniture and Fixtures	5,974	3,839	-	9,813
Equipment	<u>262,676</u>	<u>79,687</u>	<u>(66,845)</u>	<u>275,518</u>
Total Accumulated Depreciation	<u>303,101</u>	<u>86,144</u>	<u>(98,912)</u>	<u>290,333</u>
Total Capital Assets being Depreciated, Net	<u>313,717</u>	<u>(35,666)</u>	<u>(5,034)</u>	<u>273,017</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 313,717</u>	<u>\$ (35,666)</u>	<u>\$ (5,034)</u>	<u>\$ 273,017</u>

Depreciation expense of \$86,144 was charged to the Judicial Operations function in the Statement of Activities.

Note 6 - Changes in General Long-Term Debt -

The Clerk has no general long-term obligations at June 30, 2017.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 7 - Pension Plans -

The Clerk follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68* for its pension plan. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the Court to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

Plan Description:

Substantially all employees of the Livingston Parish Clerk of Court are members of the Louisiana Clerk of Court Retirement and Relief Fund (“the Fund”), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees 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.

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.

Benefits Provided:

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 retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member’s retirement to age 60 with

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. 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 in 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.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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. 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. 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 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.

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.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The Clerk of Court's required contribution rate for the year ending June 30, 2017 was 19.00%. Employees were required to contribute 8.25% of their annual covered salary. In addition, the Louisiana Legislature passed R.S. 11:1562(C) which allows the Clerk of Court to pay out of the Clerk's operating funds all or any portion of the employee required contributions which would otherwise be deducted from the employee's salary. Since December 1999, the Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerk of Court Retirement and Relief Fund. The Livingston Parish Clerk of Court contributions to the Fund for the year ended June 30, 2017 were \$518,756 (normal employer portion \$361,869 and employee portion paid by Clerk \$156,887).

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

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, but are not considered special funding situations. The amount of non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$216,032 for the year ended June 30, 2017.

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

At June 30, 2017, the Livingston Parish Clerk of Court reported a liability of \$3,810,021 for its proportionate share of the net pension liability of the Fund. 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 Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Clerk's proportion was 2.0595% which was a decrease of .03397% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$701,279.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,882	\$ 129,684
Changes in assumptions	234,651	-
Net difference between projected and actual earnings on pension plan investments	657,355	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	52,003	108,151
Employer contributions subsequent to the measurement date	361,869	-
Total	\$ 1,344,760	\$ 237,835

\$361,869 reported as deferred outflows of resources related to pensions resulting from the Court's 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:

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

<u>Year Ended June 30:</u>	
2017	\$ 159,546
2018	159,546
2019	253,758
2020	172,206
	\$ 745,056

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:

Inflation	2.50%
Salary increases	5.00% including inflation
	7.00% (net of investment expense)
Investment rate of return	

Mortality rates were based on RP-2000 Employee Table (set back 4 years for males and 3 years for females), RP-2000 Healthy Annuitant Table (set forward 1 year for males), and RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females).

For 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 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% as of June 30, 2016. 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 are summarized in the following table:

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Fixed Income:		
Core Fixed Income	5.0%	1.00%
Core Plus Fixed Income	15.0%	1.50%
Domestic Equity:		
Large Cap Domestic Equity	21.0%	4.25%
Small Cap International Equity	7.0%	4.00%
International Equity:		
Large Cap International Equity	15.5%	5.25%
Small Cap International Equity	5.0%	5.00%
Emerging Markets	6.5%	7.25%
Real Estate	10.0%	4.75%
Master Limited Partnerships	5.0%	6.50%
Hedge Funds	10.0%	3.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% which was no change from its prior measurement date of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate 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 of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk’s proportionate share of the net pension liability calculated using the current discount rate, as well as what the Clerk’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2016:

	Changes in Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6.00%	7.00%	8.00%
Net pension liability	\$ 5,421,590	\$ 3,810,021	\$ 2,442,124

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Pension Plan Fiduciary Net Position

The Fund issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the Fund's website: www.laclerksofcourt.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

Payable to the Pension Plan

There is no payable to the Fund at June 30, 2017.

Note 8 - Other Postemployment Benefits -

Plan Description: The Livingston Parish Clerk of Court's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Employees are covered by the Louisiana Clerks' of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: completion of 25 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Employees hired on and after January 1, 2012 must be at least age 60 at retirement or D.R.O.P. entry to receive unreduced retirement benefits.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to \$20,000 at retirement and to 50% of that amount at age 80. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy: Until 2009, the Livingston Parish Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (the Livingston Parish Clerk of Court's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Livingston Parish Clerk of Court's portion of health care and life insurance funding cost for retired employees totaled \$97,138 and \$89,842, respectively.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Effective July 1, 2009, the Livingston Parish Clerk of Court implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution: The Livingston Parish Clerk of Court's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2017</u>	<u>2016</u>
Normal cost	\$ 201,751	\$ 193,991
30-year UAL amortization amount	212,569	204,393
Annual required contribution (ARC)	<u>\$ 414,320</u>	<u>\$ 398,384</u>

Net Post-employment Benefit Obligation: The table below shows the Livingston Parish Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2017</u>	<u>2016</u>
Beginning Net OPEB Obligation	\$ 2,412,207	\$ 2,141,956
Annual required contribution	414,320	398,384
Interest on Net OPEB Obligation	96,488	85,679
ARC Adjustment	<u>(139,498)</u>	<u>(123,870)</u>
OPEB Cost	371,310	360,193
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(97,138)</u>	<u>(89,942)</u>
Change in Net OPEB Obligation	<u>274,172</u>	<u>270,251</u>
Ending Net OPEB Obligation	<u>\$ 2,686,379</u>	<u>\$ 2,412,207</u>

The following table shows the Livingston Parish Clerk of Court's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last three years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
June 30, 2017	\$ 371,310	26.16%	\$ 2,686,379
June 30, 2016	\$ 360,193	24.97%	\$ 2,412,207
June 30, 2015	\$ 349,620	23.82%	\$ 2,141,956

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Funded Status and Funding Progress: In 2017 and 2016, the Livingston Parish Clerk of Court made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$3,822,754 which is defined as that portion, as determined by a particular actuarial cost method (the Livingston Parish Clerk of Court uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$ 3,822,754	\$ 3,675,725
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 3,822,754</u>	<u>\$ 3,675,725</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 2,084,725	\$ 2,074,795
UAAL as a percentage of covered payroll	183.37%	177.16%

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Livingston Parish Clerk of Court and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Livingston Parish Clerk of Court and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Livingston Parish Clerk of Court and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method: The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Actuarial Value of Plan Assets: There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate: An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post employment Benefit Plan Eligibility Requirements: Based on past experience, it has been assumed that entitlement to benefits will commence three years after retirees have been assumed to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate): GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate: The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate: The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits: The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical for the retirees and 50% for dependents. Unblended rates before age 65 were estimated to be 130% of the blended rates provided. Unblended retiree rates were provided applicable after Medicare eligibility and used as required by GASB Codification Section P50.

Inflation Rate: Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases: This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Post-retirement Benefit Increases: The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 349,620	\$ 360,193	\$ 371,310
Adjustment to Beginning Net OPEB Obligation	-	-	-
Retiree premium	83,280	89,942	97,138
Total contribution and premium	83,280	89,942	97,138
Change in net OPEB obligation	\$ 266,340	\$ 270,251	\$ 274,172
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	23.82%	24.97%	26.16%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2014	\$ -	\$3,534,351	\$3,534,351	0.0%	\$2,061,313	171.5%
7/1/2012	\$ -	\$4,202,372	\$4,202,372	0.0%	\$1,699,416	247.3%
7/1/2009	\$ -	\$4,136,881	\$4,136,881	0.0%	\$1,663,434	248.7%

The Clerk of Court did not have actuarial valuations as of July 1, 2010, 2011, 2013, 2015, and 2016.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 9 - Compensated Absences -

Employees are not paid for accumulated leave upon termination.

Note 10 - Leases -

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2017, the Clerk of Court had no capital leases in effect.

The Clerk of Court has entered into various operating leases for machinery, office space and warehouse on various dates. The lease terms range from one year to sixty months. These leases require a total monthly payment of \$3,486. Total rent expense under these leases for the year ended June 30, 2017 is \$40,236.

Future minimum lease payments under these leases by year and in the aggregate are as follows:

<u>Year Ending June 30,</u>	<u>Amounts</u>
2018	\$ 41,836
2019	25,871
2020	9,422
2021	<u>-</u>
Total Minimum Lease Payments	<u>\$ 77,129</u>

Note 11 - Changes in Fiduciary Fund Balances -

A summary of changes in agency fund unsettled deposits follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Advance Deposit Fund	\$ 4,128,110	\$ 3,253,229	\$ 2,961,586	\$ 4,419,753
Registry of Court Fund	1,168,265	767,879	659,372	1,276,772
	<u>\$ 5,296,375</u>	<u>\$ 4,021,108</u>	<u>\$ 3,620,958</u>	<u>\$ 5,696,525</u>

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 12 - Litigation and Claims -

At June 30, 2017, the Clerk of Court is involved in general lawsuits, it is the opinion of the legal advisor for the Clerk of Court that the ultimate resolution of these lawsuits will not involve any material liability to the Clerk of Court in excess of insurance coverage.

Note 13 - Cooperative Endeavor Agreements -

On May 1, 2014, the Livingston Parish Clerk of Court entered into a cooperative endeavor agreement with the Livingston Parish Council and four other local governments for the purpose of providing additional funding for the construction of the Livingston Parish Courthouse. Under the terms of this agreement, the Clerk agreed to pay 33.4% of the estimated construction shortfall of \$2,200,000 on the construction of new Courthouse plus any other construction change orders, after the Livingston Parish Council's contribution of \$300,000 for the construction of an access road. The construction shortfall resulted from the difference in the sale by the Livingston Parish Council of the Revenue Bond Series 2011 for \$17,865,000 and the Courthouse estimated construction costs plus architectural design fees and other estimated costs totaling \$20,065,000.

The other four local governments in the agreement and their respective percentage contributions are the Livingston Parish Sheriff at 35.0%, the District Attorney of the Twenty-First Judicial District Court at 17.0%, and the Twenty-First Judicial District Court at 14.6%. In addition, each entity paid for its furniture and equipment that each required to begin operations in the Courthouse.

On September 1, 2011, the Livingston Parish Clerk of Court entered into a cooperative endeavor agreement with the Livingston Parish Council and the Twenty-First Judicial District Court for the purpose of providing for the funding pursuant to Act No. 20 of the 2011 Regular Session of the Louisiana Legislature (the "Courthouse Financing Act"). According to the Courthouse Financing Act, the Livingston Parish Clerk of Court began collecting an additional \$20 recordation fee per document, an additional \$100 filing fee on each civil suit, and an additional \$10 charge for each additional pleading on a civil matter. These additional fees collected by the Clerk are paid into the Livingston Parish Courthouse Fund maintained by the Livingston Parish Council for the purpose of repaying the Livingston Parish Council Revenue Bond Series 2011 which were issued by the Livingston Parish Council to finance the construction of the new Livingston Parish Courthouse. The Clerk collected and transferred \$747,321 to the Livingston Parish Council of the additional filing fee and the additional pleading fee from the Advanced Deposit Fund during fiscal year ended June 30, 2017. In addition, the Clerk collected and transferred \$515,412 to the Livingston Parish Council of the \$20 additional recordation fee collected in fiscal year ended June 30, 2017 from the Clerk's General Fund with an additional \$11,380 recorded as Due to Primary Government at June 30, 2017.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2017

Note 14 - Schedule of Compensation, Benefits, and Other Payments to Agency Head -

In accordance with Louisiana Revised Statute 24:513A, the following is a Schedule of Compensation and Benefits received by Thomas L. Sullivan Jr., Clerk of Court, who was the acting agency head for the year ended June 30, 2017:

<u>Purpose</u>	
Salary	\$ 160,070
Benefits-Insurance	10,860
Benefits-Retirement	56,240
Benefits-Short Term Disability and Accident Policy	1,099
Car allowance	23,215
Travel	516
Registration fees	950

Note 15 - Subsequent Event -

Management has evaluated subsequent events through December 6, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LIVINGSTON PARISH CLERK OF COURT

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED JUNE 30, 2017*

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Louisiana Clerks' of Court Retirement and Relief Fund:					
2015	2.16573%	\$ 2,921,264	\$ 1,955,235	149.41%	79.37%
2016	2.09347%	3,140,271	1,893,963	165.80%	78.13%
2017	2.05950%	3,810,021	1,879,795	202.68%	74.17%

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

*The amounts presented were determined as of the previous fiscal year end.

See independent auditor's report.

LIVINGSTON PARISH CLERK OF COURT

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Fiscal Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Louisiana Clerks' of Court Retirement and Relief Fund:					
2015	\$ 359,855	\$ 359,855	\$ -	\$ 1,893,963	19.00%
2016	357,161	357,161	-	1,879,795	19.00%
2017	361,869	361,869	-	1,904,573	19.00%

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

See independent auditor's report.

LIVINGSTON PARISH CLERK OF COURT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2017

Louisiana Clerks' of Court Retirement and Relief Fund:

Changes in Actuarial Assumptions

There were no changes of benefit assumptions for the year ended June 30, 2016.

For the year ended June 30, 2015, for the Louisiana Clerks' of Court Retirement and Relief Fund, retirement, DROP entry, and withdrawal rates were changed based on the results of the actuarial experience study for the period July 1, 2009 – June 30, 2014 and expectations of future experience. Family statistics were also updated based on more recent measures available from the United States Census Bureau. Other changes are as follows:

<u>Valuation Date</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Investment Rate of Return	7.00%	7.25%
Inflation Rate	2.50%	2.75%
Projected Salary Increase	5.00%	5.75%
Mortality Rate - Active Members	RP 2000 employee table set back 4 years for males and 3 years for females	--
Mortality Rate - Annuitant and Beneficiary	RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 for males and females	--
Mortality Rate - Active Members, Annuitant and Beneficiary	--	RP 2000 combined healthy mortality table set back 3 years for males and 1 year for females

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



2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

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*

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court
Livingston, 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 financial statements of the governmental activities and the major fund (the General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund, of the Livingston Parish Clerk of Court “the Clerk” (a component unit of the Livingston Parish Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk’s basic financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control Over Financial Reporting

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

Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

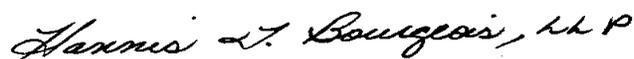
Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk'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 Clerk's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Denham Springs, Louisiana
December 6, 2017

LIVINGSTON PARISH CLERK OF COURT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2017

CURRENT YEAR FINDINGS:

Internal Control Finding

None

Compliance Finding

None

LIVINGSTON PARISH CLERK OF COURT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

PRIOR YEAR FINDINGS:

None

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

Independent Accountant's Report
on Applying Agreed-Upon Procedures

To the Honorable Thomas L. Sullivan, Jr.
Livingston Parish Clerk of Court
Livingston, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Livingston Parish Clerk of Court (the Clerk) 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 Clerk's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget – **No Exceptions**.
 - 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.

Exception - The Clerk does have written policies and procedures for purchasing but it does not specifically address how vendors are added to the vendor list.

Management's Response/Corrective Action – LPCC management has been made aware of this exception and is currently addressing the issue.

- c) *Disbursements*, including processing, reviewing, and approving – **No Exceptions.**
- d) *Receipts*, including receiving, recording, and preparing deposits – **No Exceptions.**
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked. – **No Exceptions.**
- 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

Exception – The Clerk does have written policies and procedures but policies do not address the approval process.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

- 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

Exception – The Clerk does have written policies and procedures but policies do not address the required approvers and monitoring card usage. Although not included in the written procedures, credit card statements along with supporting documentation are reviewed monthly by the chief financial officer.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers – **No Exceptions.**
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits. –

Exception – The Clerk does have written policies and procedures but policies do not appear to address a system to monitor possible ethics violations. The Clerk's policies requires all employees to enroll in at least an hour of ethics training annually but the policies do not require that all employees, including elected officials , annual attest through signature verification that they have read the entity's ethics policy.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. – **Not Applicable – No debt.**

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document. – **Not applicable – The Clerk is an independently elected official.**
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis). – **Not applicable – The Clerk is an independently elected official.**
 - 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. – **Not applicable – The Clerk is an independently elected official.**
 - 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. – **Not applicable – The Clerk is an independently elected official.**

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. – **No Exceptions.**
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. 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. - **No Exceptions.**
 - 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.

Exception – Bank reconciliations are being prepared but the reconciliations do not include evidence of a review.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

- 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.

Exception – Several reconciliations included reconciling items more than 6 months old and the reconciling items did not have documentation reflecting they had been researched.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete. – **No Exceptions.**
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **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. – **No Exceptions.**
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected. – **No Exceptions.**
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location. - **No Exceptions.**
 - 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. – **No Exceptions.**
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections. – **No Exceptions.**

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. – **No Exceptions.**

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system. – **No Exceptions.**
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase. – **No Exceptions.**
 - 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. – **No Exceptions.**
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: Due to the small size of the office, the person responsible for processing payments is not prohibited from adding vendors to purchasing/disbursement system. The mitigating control is that the authorized signers review and approve payments and physically sign all checks.

Management's Response/Corrective Action - LPCC management has been made aware of this exception and is currently addressing the issue.

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. – **No Exceptions.**
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. – **No Exceptions.**
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. – **No Exceptions.**

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. – **No Exceptions.**

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.] – **No Exceptions.**
 - b) Report whether finance charges and/or late fees were assessed on the selected statements. – **No Exceptions.**
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased) – **No Exceptions.**
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating. – **No Exceptions.**
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.) – **No Exceptions.**
- b) For each transaction, compare the transaction’s detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity’s written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any Exceptions. – **No Exceptions.**
- c) For each transaction, compare the entity’s documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**

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. – **No Exceptions.**

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates. – **No Exceptions.**
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates. – **No Exceptions.**
 - 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.] – **No Exceptions.**
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating). – **No Exceptions.**
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance). – **No Exceptions.**
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any Exceptions. (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception. – **No Exceptions.**
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement. – **No Exceptions.**

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. – **No Exceptions.**
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. – **No Exceptions.**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder) – **No contracts subject to the LA Public Bid Law or Procurement Code.**
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice. – **No Exceptions.**
- 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. – **No contracts amended.**
- 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. – **Complied with terms and conditions of 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). – **Clerk reviews and approves.**

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. – **No Exceptions.**
 - 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. – **No Exceptions.**
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.) – **No Exceptions.**
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials. – **No Exceptions.**

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave. – **No Exceptions.**
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. – **No Exceptions.**
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. - **No Exceptions.**

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed. – **No Exceptions.**
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy. **No allegations received.**

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained. **Not Applicable - No Debt.**
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants. **Not Applicable – No Debt.**
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off. **Not Applicable– No Debt.**

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled. – **None noted.**

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds. – **Notice posted on premises and on website.**
33. If the practitioner observes or otherwise identifies any Exceptions. regarding management’s representations in the procedures above, report the nature of each exception. – **No Exceptions.**

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.

Respectfully submitted,

Harris J. Bourgeois, CPA

Denham Springs, Louisiana
December 6, 2017