

**THIRD JUDICIAL DISTRICT
JUDICIAL CLERK FUND
PARISHES OF
LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENT
DECEMBER 31, 2017**

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

Third Judicial District Judicial Clerk Fund
100 W. Texas Ave., 3rd Floor
Ruston, Louisiana 71270

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Third Judicial District Judicial Clerk Fund, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Judicial Clerk Fund's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Third Judicial District Judicial Clerk Fund as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on the pages indicated in the table of contents 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Judicial Clerk Fund's basic financial statements. The supplemental schedule of compensation, benefits and other payments is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental schedule of compensation, benefits and other payments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedule of compensation, benefits and other payments is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2018, on my consideration of the Judicial Clerk Fund's internal control over financial reporting and my 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 my 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 Judicial Clerk Fund's internal control over financial reporting and compliance.


Don M. McGehee
Certified Public Accountant
June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD JUDICIAL DISTRICT COURT

LINCOLN AND UNION PARISHES
STATE OF LOUISIANA

JUDGES' OFFICE

P.O. Box 388
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JUDGES' OFFICE

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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Our discussion and analysis of the Judicial Clerk Fund's financial performance provides an overview of the financial activities for the year ended December 31, 2017. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 8.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Position and a Statement of Activities and provide information about the financial activities of our Office as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how our services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Statement of Net Position and Statement of Activities

One of the most important questions asked about our finances is, "Is the Judicial Clerk Fund as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about our Office as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report the Judicial Clerk Fund's net position and the changes in the net position. You can think of net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of the Judicial Clerk Fund. Increases/(decreases) in our net position are one indicator of whether our financial health is improving/(deteriorating).

We report the financial activity of all services provided by us in the Statement of Net Position and Statement of Activities. Expenses primarily include salaries and related benefits, office expenses, and outside services. Fees received from defendants, grants and other assistance, and hearing officer fees received on child support payments through the State of Louisiana finance most of our activities.

Government-Wide Financial Analysis

As noted above, net position may serve as a useful indicator of an entity's financial position. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the governmental activities of the Judicial Clerk Fund.

**Table 1
Total Net Position**

			<u>Increase (Decrease)</u>	
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>Percent</u>
Current Assets	\$ 820,411	\$ 757,905	\$ 62,506	8 %
Capital Assets	<u>9,213</u>	<u>8,132</u>	<u>1,081</u>	13 %
Total Assets	<u>829,624</u>	<u>766,037</u>	<u>63,587</u>	8 %
Total Deferred Outflows	<u>116,447</u>	<u>213,346</u>	<u>(96,899)</u>	(45)%
Long-Term Liabilities	749,730	828,969	(79,239)	(10)%
Other Liabilities	<u>63,518</u>	<u>39,132</u>	<u>24,386</u>	62 %
Total Liabilities	<u>813,248</u>	<u>868,101</u>	<u>(54,853)</u>	(6)%
Total Deferred Inflows	<u>25,626</u>	<u>29,177</u>	<u>(3,551)</u>	(12)%
Net Position:				
Investment in Capital Assets	9,213	8,132	1,081	13 %
Unrestricted	<u>97,984</u>	<u>73,973</u>	<u>24,011</u>	32 %
Total Net Position	<u>\$ 107,197</u>	<u>\$ 82,105</u>	<u>\$ 25,092</u>	31 %

At the close of the most recent year, net position increased by \$25,092, a change from the prior year of 31%. Unrestricted net position, which is the part of the amount of net position that can be used to finance the day-to-day operations of the District Clerk's Fund without constraints, increased \$24,011. The most significant changes from the prior year were an increase in cash and certificates of deposit of \$35,31, an decrease in deferred outflows of \$96,899, and a decrease in net pension liability of \$79,239. Investment in capital assets (e.g. land, buildings, machinery and equipment, etc.) of \$9,215 is used to provide services to citizens; consequently, these assets are not available for future spending.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Program Revenues:				
Fees	\$ 238,253	\$ 259,050	\$ (20,797)	(8)%
Intergovernmental	412,973	447,835	(34,862)	(8)%
Drug Court Revenues	37,938	38,625	(687)	(2)%
Grants and Other Assistance	322,588	338,873	(16,285)	(5)%
General Revenues:				
Interest Income	3,132	2,734	398	15 %
Miscellaneous Income	<u>0</u>	<u>2,887</u>	<u>(2,887)</u>	100 %
Total Revenues	<u>1,014,884</u>	<u>1,090,004</u>	<u>(75,120)</u>	(7)%
Program Expenses:				
General Government-Judicial	<u>989,792</u>	<u>942,943</u>	<u>46,849</u>	5 %
Total Expenses	<u>989,792</u>	<u>942,943</u>	<u>46,849</u>	5 %
Change in Net Position	\$ <u>25,092</u>	\$ <u>147,061</u>	\$ <u>(121,969)</u>	(83)%

Total revenues decreased by 7% (\$75,120) from the prior year, as shown above. Expenses increased 5% (\$46,849) from the prior year, primarily from increases in the areas of law library of \$15,424, drug court expense of \$17,520, and contract services of \$23,832 with an offsetting decrease in pension expense of \$12,809. The net effect of the revenue increase and expense increase was a \$121,969 decrease in the Change in Net Position for the year ended December 31, 2017 compared to the prior year.

Fund Financial Statements

The fund financial statements provide more detailed information about individual funds, rather than the District Clerk's Fund as a whole. Funds are accounting devices used to keep track of specific sources of funding and spending for a particular purpose. The Judicial Clerk Fund maintains two governmental funds, the General Fund and a Special Revenue Fund-Children's Assistance. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for each of these funds.

As of our year end on December 31, 2017, our governmental fund (General Fund) reported a fund balance of \$367,774, which is 6% (\$24,116) less than last year's fund balance. During 2017, revenues decreased 8% (\$72,642) as compared to the previous year. Expenditures increased about 8% (\$58,509) under the prior year. Capital outlay expenditures were \$1,811 which was about the same as the prior year. Although capital outlay expenditures in the fund financials reduced unrestricted fund balance, it created new assets for the Judicial Clerk Fund, as reported in the Statement of Net Position.

The fund balance in our special revenue fund as of December 31, 2017 was \$274,703, 15% (\$36,038) more than the prior year fund balance. Revenues were 11% (\$21,465) more than in the prior year. Expenditures were about the same as the prior year. Capital outlay expenditures were \$2,224 more than the prior year.

General Fund Budgetary Highlights

We amend our budget when we determine there are unexpected differences between actual and anticipated revenues and/or expenditures. Our final amended budget was adopted just prior to year end. The difference between the original and final amended budget for revenues was a 6% (\$45,000) decrease, which was primarily a \$20,000 decrease in fees, a \$15,000 decrease in on-behalf revenue, and a \$10,000 decrease in intergovernmental revenues to more closely match anticipated revenues. The difference between the original and final amended budget for expenditures was a 9% (\$63,100) increase in expenditures, which was primarily a \$9,000 increase in salaries, a \$7,500 increase in library expenses, and a \$40,000 increase in drug court expenses to more closely match anticipated expenditures.

General fund budgeted amounts were less than 1% (\$5,447) of actual revenues and 3% (\$26,463) less than actual expenditures. We received \$17,588 (6%) more in grant revenue than budgeted and \$14,247 (6%) less than fees budgeted. Contract services were \$26,724 (76%) more than budgeted.

Capital Assets

In 2017, we purchased computer equipment. For the upcoming year, we plan to purchase additional computer equipment and office furniture, but there are no plans to issue debt to finance these purchases or of any other future project.

Currently Known Facts, Decisions, or Conditions

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date.

Contact Information for the Judicial Clerk Fund

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the Judicial Clerk Fund and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Thomas W. Rogers at 100 W. Texas Avenue, 3rd Floor, Ruston, LA 71270.

GOVERNMENT WIDE FINANCIAL STATEMENTS

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 281,609
Certificates of Deposit	359,162
Due from Other Governmental Units	176,239
Due from Others	3,401
Capital assets, net of depreciation	<u>9,213</u>
TOTAL ASSETS	<u>829,624</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>116,447</u>
LIABILITIES	
Accounts Payable	47,525
Accrued Liabilities	15,993
Long-Term Liabilities	
Pension Liability	<u>749,730</u>
TOTAL LIABILITIES	<u>813,248</u>
DEFERRED INFLOWS OF RESOURCES	<u>25,626</u>
NET POSITION	
Invested in Capital Assets	9,213
Unrestricted	<u>97,984</u>
TOTAL NET POSITION	<u><u>\$ 107,197</u></u>

See accompanying notes to financial statements.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	(Expense) Revenue
GOVERNMENTAL ACTIVITIES:					
General Government-Judicial	\$ <u>989,792</u>	\$ <u>447,377</u>	\$ <u>564,375</u>	\$ <u>0</u>	\$ <u>21,960</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>989,792</u>	\$ <u>447,377</u>	\$ <u>564,375</u>	\$ <u>0</u>	<u>21,960</u>
 GENERAL REVENUES:					
Interest Earnings					<u>3,132</u>
TOTAL GENERAL REVENUES					<u>3,132</u>
CHANGE IN NET POSITION					25,092
NET POSITION - BEGINNING					<u>82,105</u>
NET POSITION - ENDING					<u>\$ <u>107,197</u></u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General Fund</u>	<u>Children's Assistance Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 175,809	\$105,800	\$ 281,609
Certificates of Deposit	245,192	113,970	359,162
Due from Other Governments	44,664	17,159	61,823
Due from Others	3,401	0	3,401
Due from Other Funds	<u>0</u>	<u>44,765</u>	<u>44,765</u>
TOTAL ASSETS	<u>\$ 469,066</u>	<u>\$281,694</u>	<u>\$ 750,760</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 41,460	\$ 6,065	\$ 47,525
Accrued Liabilities	15,067	926	15,993
Due to Other Funds	<u>44,765</u>	<u>0</u>	<u>44,765</u>
TOTAL LIABILITIES	<u>101,292</u>	<u>6,991</u>	<u>108,283</u>
FUND BALANCES			
Restricted for -			
Children's Assistance	0	274,703	274,703
Unassigned	<u>367,774</u>	<u>0</u>	<u>367,774</u>
TOTAL FUND BALANCES	<u>367,774</u>	<u>274,703</u>	<u>642,477</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 469,066</u>	<u>\$281,694</u>	

Amounts Reported for Government Activities in the Statement of Net Position are different from those reported above because:

Amounts receivable recognized in the Statement of Net Position not expected to be collected and available to timely pay current period expenditures are not recognized as financial resources and are therefore not recorded as assets in the Governmental Fund Balance Sheet	114,416
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund statements.	9,213
The deferred outflows of expenditures for pension obligations are not a use of current resources, and therefore, are not reported in the fund financial statements.	116,447
The deferred inflows of contributions for pension obligations are not available resources, and therefore, are not reported in the fund financial statements.	(25,626)
Adjustment for Long-Term Liabilities - Long-term pension liabilities are not due and payable in the current period and therefore are not reported in the general fund balance sheet nor reflected in fund balance for the general fund.	<u>(749,730)</u>
NET POSITION OF GOVERNMENT ACTIVITIES	<u>\$ 107,197</u>

See accompanying notes to financial statements.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

	<u>General</u>	<u>Children's Assistance</u>	<u>Total Governmental Funds</u>
REVENUES			
Fees Collected by:			
Lincoln Parish Sheriff	\$ 128,986	\$ 0	\$ 128,986
Union Parish Sheriff	41,916	0	41,916
Lincoln Parish Clerk of Court	12,489	0	12,489
Union Parish Clerk of Court	9,427	0	9,427
Union Parish Probation Fees	45,435	0	45,435
Intergovernmental:			
Lincoln Parish Criminal Court	101,091	0	101,091
Union Parish Criminal Court	41,197	0	41,197
Louisiana Workforce Commission	2,700	0	2,700
State of Louisiana-Children's Assistance	0	207,944	207,944
Drug Court Revenue	37,938	0	37,938
Grant Revenue	322,588	0	322,588
Interest Income	962	2,170	3,132
On-Behalf Revenue	<u>33,843</u>	<u>0</u>	<u>33,843</u>
TOTAL REVENUES	<u>778,572</u>	<u>210,114</u>	<u>988,686</u>
EXPENDITURES			
Judicial	800,877	171,852	972,729
Capital Outlay	<u>1,811</u>	<u>2,224</u>	<u>4,035</u>
TOTAL EXPENDITURES	<u>802,688</u>	<u>174,076</u>	<u>976,764</u>
NET CHANGES IN FUND BALANCES	(24,116)	36,038	11,922
FUND BALANCES - BEGINNING	<u>391,890</u>	<u>238,665</u>	<u>630,555</u>
FUND BALANCES - ENDING	<u>\$ 367,774</u>	<u>\$ 274,703</u>	<u>\$ 642,477</u>

See accompanying notes to financial statements.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017**

The Third Judicial District Judicial Clerk Fund was established by legislative act. The act provides for the collection of fees in the form of court costs and fines, and provides for such secretarial, clerical, research, administrative or other personnel as are deemed necessary to expedite the business and functions of the court. The Judicial Clerk Fund may also be used to pay for establishing and maintaining a law library, equipment, supplies, and any other costs or expenses related to the proper administration of the court, except for the payment of judge's salaries. The Judicial Clerk Fund service area is composed of the parishes of Lincoln and Union located in north central Louisiana.

The financial statements of the Judicial Clerk Fund are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable), that do not conflict or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Judicial Clerk Fund are discussed below:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

For financial reporting purposes, in conformity with GASB Statement No. 14, the Judicial Clerk Fund of the Third Judicial District is a component unit of the Lincoln Parish Police Jury. For the purposes of this financial report, this component unit serves as the nucleus for its own financial reporting entity and issues separate financial statements.

BASIC FINANCIAL STATEMENTS, MEASUREMENT FOCUS, AND BASIS OF ACCOUNTING

The Judicial Clerk Fund's basic financial statements include both government-wide and fund financial statements.

Government-Wide Financial Statements

The government-wide Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. On the Statement of Net Position, the net position is reported in three parts as described below:

Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any outstanding debt used to finance those assets.

Restricted - consists of the amount of net position restricted by the Judicial Clerk Fund's creditors, by state enabling legislation, by grantors, and by other contributors. In situations where it is permissible to apply restricted resources, typically available restricted resources are depleted before consuming unrestricted resources.

Unrestricted - all other net position amounts are reported in this category.

The Statement of Activities reports both the gross and net cost of the judicial function. The function is supported by general government revenues. The Statement of Activities reduces gross expense (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants. The net costs are normally covered by general revenue. This government-wide focus is on the sustainability of the Judicial Clerk Fund as an entity and the change in its net position resulting from the current year's activities.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements of the Judicial Clerk Fund report the financial transactions in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The focus of the government funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Judicial Clerk's Fund reports these governmental funds:

Governmental Funds

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Judicial Clerk Fund uses the following special revenue fund:

Children's Assistance - To account for a 5 percent fee assessed in non-support cases which go through the state's Child Support Enforcement program. These fees are used to pay the salary of the hearing officer, appointed by the judges of the Third Judicial District to hear support and support related matters, and other expenditures incurred with the implementation of this procedure.

All government funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. 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 that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. An availability period of 60 days was used. Revenues accrued include fines (collected by another governmental unit and remitted to the Judicial Clerk Fund), intergovernmental revenues, fees collected by the court, and reimbursements for expenditures from the state. Revenues that are not considered susceptible to accrual include certain charges for fees. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change. There were no such designations anytime during the year.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUND BALANCE

Beginning January 1, 2011, the Judicial Clerk's Fund implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Judicial Clerk Fund administrator establishes (and modifies or rescinds) fund balance commitments by passage of an order by the Judges. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as special incentives). Assigned fund balance is established by the Judges through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BUDGETS AND BUDGETARY ACCOUNTING

The Judicial Clerk Fund prepares an operating budget on its General Fund and Special Revenue Fund for each year, including the year ended December 31, 2017. Budgetary amounts are prepared based on prior year actual operating revenues and expenditures. During November, the clerk submits to the district judges a proposed operating budget for the year commencing in the following January. The operating budget includes proposed expenditures and the means of financing them. During December, the budget is published in the official journal, made available for public inspection, and legally enacted through passage of an order. The district judges are authorized to transfer budgeted amounts between line items within a fund but revisions that alter the total expenditures of a fund must be approved by budget amendment. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. State law requires budgets to be amended when anticipated revenues or expenditures vary unfavorably with budget amounts by more than 5%. The budget is monitored and amended when significant variations are identified. The 2017 general fund budget was authorized by the district judges, made available for public inspection at the court's office, and adopted by the district judges on December 21, 2016. The budget was amended prior to year end by the district judges.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CERTIFICATES OF DEPOSIT

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of three months or less from the date of acquisition. Under state law, the Judicial Clerk Fund may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with banks organized under the laws of any state of the United States, or under the laws of the United States. State law and the Judicial Clerk Fund's investment policy allows investment in collateralized certificates of deposit, which are reported at cost.

INTERFUND ACTIVITY

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. All transfers between individual governmental funds are eliminated on the Statement of Activities.

DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

PREPAID INSURANCE

Payments made to insurance companies for insurance coverage that will benefit periods beyond December 31, 2017, are reported as prepaid items in the asset section of the Government Wide Statement of Net Position and the Fund Financial Statements Balance Sheet.

CAPITAL ASSETS

Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available, and depreciated over their estimated useful lives. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. A threshold level of \$500 or more is used for capitalizing assets. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and Fixtures	10 - 15 years
Equipment	5 - 15 years

VACATION AND SICK LEAVE

The Judicial Clerk Fund has adopted a vacation and sick leave plan which allows a maximum of 12 days vacation and 12 days sick leave per year. Employees are not allowed to carry over the unused vacation or sick leave from year to year. Upon termination, accumulated sick leave lapses and no payments are made for the unused accumulation. There are no accumulated and vested benefits relating to vacation and sick leave that require accrual or disclosure at year end.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and the Parochial Employees Retirement System of Louisiana (PERS), and additions to/deductions from LASERS' and PERS' fiduciary net position have been determined on the same basis as they are reported by LASERS and PERS. 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.

NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT

At December 31, 2017, the Judicial Clerk Fund had cash and certificates of deposit as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>
Demand Deposits	\$ 281,609	\$ 0
Time Deposits	0	359,162
Total	\$ 281,609	\$ 359,162

Cash consists of demand deposits. Deposits are carried at cost which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. Pledged 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.

At December 31, 2017, the Judicial Clerk Fund has \$661,516 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

NOTE 3 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units consisted of the following:

Fees from -	
Lincoln Parish Sheriff's Office	\$ 8,267
Union Parish Sheriff's Office	2,498
Lincoln Parish Clerk of Court	976
Union Parish Clerk of Court	818
State of Louisiana - Child Support Fees	17,159
Lincoln Parish Criminal Court Fund	7,021
Union Parish Criminal Court Fund	114,416
State of Louisiana-Supreme Court (FNS)	2,714
State of Louisiana-Supreme Court (Drug Court)	22,370
TOTAL	\$ 176,239

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017**

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, are as follows:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>
<u>Capital Assets at Cost</u>				
Furniture and Fixtures	\$ 11,518	\$ 0	\$ 0	\$ 11,518
Equipment	<u>112,534</u>	<u>4,035</u>	<u>0</u>	<u>116,569</u>
TOTALS	<u>124,052</u>	<u>4,035</u>	<u>0</u>	<u>128,087</u>
<u>Less:</u>				
Accumulated Depreciation	<u>115,920</u>	<u>2,954</u>	<u>0</u>	<u>118,874</u>
Net Capital Assets	<u>\$ 8,132</u>	<u>\$ 1,081</u>	<u>\$ 0</u>	<u>\$ 9,213</u>

Depreciation expense of \$2,954 was charged to the general government judicial function in the Statement of Activities, of which \$1,891 was related to the general fund and \$1,063 was related to the children's assistance fund.

NOTE 5 - PENSION PLANS

The Judicial Clerk Fund contributes to the Louisiana State Employees' Retirement System (LASERS) and the Parochial Employees Retirement System of Louisiana (PERS). All employees are members of PERS if they are permanent employees working at least 28 hours a week and are not a member of LASERS.

The LASERS plan is a cost sharing multiple-employer defined benefit pension plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. The retirement system issues a publicly available financial report. That report may be obtained by writing to Louisiana State Employees' Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling 1-800-256-3000.

The PERS plan is a cost sharing multiple-employer defined benefit pension plan administered by the Parochial Employees' Retirement System of Louisiana (PERS). The PERS was established and provided for by R.S. 11:1901 of the Louisiana Revised Statutes. The PERS Board of Trustees and the Louisiana Legislature have the authority to review administration, benefit terms, investments, and funding of the plan. The retirement system issues a publicly available financial report. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

GENERAL INFORMATION ABOUT THE PENSION PLANS

Benefits Provided

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

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLANS (CONTINUED)

Retirement Benefits

LASERS Plan

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

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

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

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and may also retire at any age, with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLANS (CONTINUED)

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

PERS Plan

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification.

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

Employees hired prior to January 1, 2007, can retire at any age with thirty or more years of creditable service, age 55 with twenty-five years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, or age 67 with 7 years of service.

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

Employees hired prior to January 1, 2007, can retire at age 55 with thirty years of creditable service, age 60 with a minimum of ten years of creditable service, or age 65 with a minimum of seven years of creditable service.

Employees hired after January 1, 2007, can retire age 55 with 30 years of service, age 62 with ten years of service, and age 67 with 7 years of service.

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

Deferred Retirement Benefits

LASERS Plan

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

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLANS (CONTINUED)

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

PERS Plan

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

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

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

Disability Benefits

LASERS Plan

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

PERS Plan

For Plan A and Plan B, a member shall be eligible to retire and receive a disability benefit if hired prior to January 1, 2007, and has a least five years of creditable service or if hired after January 1, 2007, has seven years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board.

Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lessor of an amount equal to a three percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or three percent multiplied by years of service assuming continued service to age sixty. Plan B members shall be paid a disability benefit equal to the lessor of an amount equal to two percent of the member's final average compensation multiplied by his years of service, not to be less than fifteen, or an amount equal to what the member's normal benefit would be based on the member's current final compensation but assuming the member remained in continuous service until his earliest normal retirement age.

Survivor's Benefits

LASERS Plan

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

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

PERS Plan

Upon the death of any member of Plan A with five or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children, as outlined in the statues. Upon the death of any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit, as outlined in the statutes. Plan B members need ten years of service credit to be eligible for survivor benefits. Upon the death of any member of Plan B with twenty or more years of creditable service who is not eligible for normal retirement, the plan provides for an automatic Option 2 benefit for the surviving spouse when he/she reaches age 50 and until remarriage, if the remarriage occurs before age 55. A surviving spouse who is not eligible for Social Security survivorship or retirement benefits, and married not less than twelve months immediately preceding death of the member, shall be paid an Option 2 benefit beginning at age 50.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Permanent Benefit Increases/Cost-of-Living Adjustments

LASERS Plan

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

PERS Plan

The Board is authorized to provide a cost of living allowance for those retirees who retired prior to July, 1973. The adjustment cannot exceed two percent of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are over age 65 equal to two percent of the member's benefit paid on October 1, 1977, (or the member's retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older (RS 11:1937). Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

LASERS Plan

The employer contribution rate is established annually under La. R.S. 11:401-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the LASERS actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2017 are as follows:

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Plan	Plan Status	Employer Contribution Rate
Appellate Law Clerks	Closed	35.80 %
Appellate Law Clerks hired on or after 7/1/2006	Open	35.80 %
Regular Employees hired before 7/1/2006	Closed	35.80 %
Regular Employees hired on or after 7/1/2006	Closed	35.80 %
Regular Employees hired on or after 1/1/2011	Closed	35.80 %
Regular Employees hired on or after 7/1/15	Open	35.80 %
Optional Retirement Plan before 7/1/2006	Closed	35.80 %
Optional Retirement Plan on or after 7/1/2006	Closed	35.80 %
Special Legislative Employees	Closed	41.10 %
Judges hired before 1/1/2011	Closed	38.00 %
Judges hired after 12/31/2010	Closed	36.70 %
Judges hired on or after 7/1/15	Open	36.70 %
Corrections Primary	Closed	31.10 %
Corrections Secondary	Closed	35.30 %
Wildlife Agents	Closed	44.80 %
Peace Officers	Closed	34.30 %
Alcohol Tobacco Control	Closed	30.70 %
Bridge Police	Closed	34.20 %
Bridge Police Hired after 7/01/06	Closed	34.20 %
Hazardous Duty	Open	36.10 %
Harbor Police	Closed	4.00 %
Legislators	Closed	39.10 %
Aggregate Rate		35.80 %

The Judicial Clerk Fund's contractually required composite contribution rate for the pension plan year ended June 30, 2018 and 2017 was 37.9% and 35.8%, respectively, of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the the Judicial Clerk's Fund were \$61,994 for the year ended December 31, 2017.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

PERS Plan

According to state statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2016, the actuarially determined contribution rate was 10.52% of member's compensation for Plan A and 7.20% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2016 was 13.00% for Plan A and 8.00% for Plan B. The Judicial Clerk Fund participates in Plan A. The actual rate of Plan A for the fiscal year ending December 31, 2017 was 12.50%.

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

The Judicial Clerk Fund's contractually required composite contribution rate for the pension plan year ended December 31, 2017 and 2016 was 12.5% and 13.0%, respectively, of annual covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the the Judicial Clerk's Fund were \$14,698 and \$14,974 for the year ended December 31, 2017 and 2016, respectively.

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

At December 31, 2017, the Employer reported a liability of \$749,730 for its proportionate share of the Net Pension Liability for all plans. The Net Pension Liability was measured as of June 30, 2017 for the LASERS Plan and as of December 31, 2016 for the PERS Plan, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of those dates. The Judicial Clerk Fund's proportion of the Net Pension Liability was based on a projection of the Fund's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Judicial Clerk's Fund's proportion of the LASERS Plan was 0.00923% for the District Court and 0.00089% for the Children's Assistance Fund which was an increase of 0.00028% and 0.00005%, respectively, from its proportion measured as of June 30, 2016. At December 31, 2016, the Judicial Clerk's Funds proportion of the PERS Plan was 0.019422%, which was a decrease of 0.003539% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the the Judicial Clerk Fund recognized pension expense of \$79,631 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions \$11,169.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

At December 31, 2017, the Judicial Clerk Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 20,080
Changes of assumptions	10,411	0
Net difference between projected and actual earnings on pension plan investments	54,220	0
Change in proportion and differences between Employer contributions and proportionate share of contributions	23,620	519
Employer contributions subsequent to the measurement date	28,196	5,027
Total	\$ 116,447	\$ 25,626

The Judicial Clerk Fund is reporting \$28,196 as deferred outflows of resources related to pensions resulting from their contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2018	\$ 20,511
2019	\$ 39,903
2020	\$ 17,402
2021	\$ (15,191)

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

LASERS Plan

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.75% per annum, net of investment expenses*
Inflation Rate	2.75% per annum
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

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

Cost of Living Adjustments The present value of future of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

* The investment rate of return used in the actuarial valuation for funding purposes was 8.16%, recognizing an additional 40 basis points for gain-sharing and 15 basis points to offset administrative expenses. The net return available to fund regular plan benefits is 7.61%, which is reasonably close to the 7.70% discount rate. Therefore, it was concluded that the 7.70% discount is reasonable.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting long-term rate of return is 8.69% for 2017. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Cash	-0.24 %
Domestic equity	4.31 %
International equity	5.35 %
Domestic Fixed Income	1.73 %
International Fixed Income	2.49 %
Alternative Investments	7.41 %
Global Asset Allocation	2.84 %
Total	5.26 %

PERS Plan

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

Valuation Date	December 31, 2016
Actuarial Cost Method	Plan A - Entry Age Normal Plan B - Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	Plan A - 5.25% (2.75% Merit/2.50% Inflation) Plan B - 5.25% (2.75% Merit/2.50% Inflation)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the PERS 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.
Mortality	RP-2000 Employee Sex Distinct Table was selected for employees. RP-2000 Healthy Annuitant Sex Distinct Tables were selected annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
Inflation Rate	2.50%

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.66% for the year ended December 31, 2016. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of December 31, 2016 are summarized in the following table:

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

The morality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2010 through December 31, 2014. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the PERS's liabilities. The RP-2000 Healthy Annuitant Mortality Sex Distinct Tables (set forward two years for males and set forward one year for females) projected to 2031 using Scale AA was selected for annuitants and beneficiaries. For disabled annuitants, the RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females were selected. For active employees, the RP-2000 Employee Sex Distinct Tables set back 4 years for males and 3 years for females was used.

Discount Rate

LASERS Plan

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

PERS Plan

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

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

LASERS Plan

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.70%) or one percentage-point higher (8.70%) than the current rate:

	<u>1.0% Decrease (6.70%)</u>	<u>Current Discount Rate (7.70%)</u>	<u>1% Increase (8.70%)</u>
Employer's proportionate share of the net pension liability	\$ 894,868	\$ 709,730	\$ 558,040

PERS Plan

The following presents the net pension liability of the participating employer's proportionate share calculated using the discount rate of 7.00%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

	<u>1.0% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability	\$ 119,656	\$ 40,000	\$ (27,352)

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 5 - PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2017 Comprehensive Annual Financial Report at www.lasersonline.org and the PERS 2016 Comprehensive Annual Financial Report at www.persla.org.

Payables to the Pension Plan

As of December 31, 2016, the Judicial Clerk Fund recorded a payable to LASERS of \$5,765 and to PERS of \$6,467 for the required monthly contribution that was made after year end.

NOTE 6 - ON-BEHALF PAYMENTS

Employees of the Judicial Clerk Fund received salaries and fringe benefits from the Lincoln Parish Police Jury. The following is a summary of these on-behalf payments:

<u>General Fund</u>	
Salaries	\$ 29,700
Fringe Benefits	<u>4,143</u>
Total On-Behalf Payments	<u>\$ 33,843</u>

Fringe benefits paid by the Lincoln Parish Police Jury include pension plan contributions to the Parochial Employees Retirement System.

REQUIRED SUPPLEMENTARY INFORMATION

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2017

	Original Budget Amounts	Amended Budget Amounts	Actual Amounts	Variance Favorable (Unfavorable)
REVENUES				
Fees	\$ 272,500	\$ 252,500	\$ 238,253	\$ (14,247)
Drug Court Income	35,000	35,000	37,938	2,938
Grants and Other Assistance	305,000	305,000	322,588	17,588
Interest Income	25	25	962	937
Intergovernmental	160,000	150,000	144,988	(5,012)
On-Behalf Revenue	<u>45,600</u>	<u>30,600</u>	<u>33,843</u>	<u>3,243</u>
TOTAL REVENUES	<u>818,125</u>	<u>773,125</u>	<u>778,572</u>	<u>5,447</u>
EXPENDITURES				
Capital Outlay	5,000	5,000	1,811	3,189
Computer Expense	44,000	44,000	42,623	1,377
Contract Services	35,000	35,000	61,724	(26,724)
Dues	1,500	1,500	1,141	359
Drug Court Expenses	165,000	205,000	217,028	(12,028)
Employee Benefits	108,000	108,000	115,366	(7,366)
Insurance	5,000	5,000	3,959	1,041
Library	10,000	17,500	26,154	(8,654)
Licenses and Permits	250	1,500	1,208	292
Miscellaneous	0	0	24	(24)
Office Expenses	17,600	17,950	21,551	(3,601)
Payroll Taxes	6,000	6,000	6,069	(69)
Probation Expenses	1,250	1,250	452	798
Professional Fees	25,000	25,000	24,721	279
Rent	10,000	10,000	5,344	4,656
Repairs and Maintenance	1,925	1,925	2,198	(273)
Salaries	244,000	253,000	233,594	19,406
Telephone	18,000	18,000	20,893	(2,893)
Trial Expenses	0	0	960	(960)
Travel and Seminars	14,600	19,600	14,541	5,059
Workers' Compensation	<u>1,000</u>	<u>1,000</u>	<u>1,327</u>	<u>(327)</u>
TOTAL EXPENDITURES	<u>713,125</u>	<u>776,225</u>	<u>802,688</u>	<u>(26,463)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	105,000	(3,100)	(24,116)	(21,016)
FUND BALANCE - BEGINNING	<u>0</u>	<u>391,890</u>	<u>391,890</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 105,000</u>	<u>\$ 388,790</u>	<u>\$ 367,774</u>	<u>\$ (21,016)</u>

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA**

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2017**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Budget Positive (Negative)
REVENUES			
Intergovernmental	180,000	207,944	27,944
Interest Income	<u>900</u>	<u>2,170</u>	<u>1,270</u>
TOTAL REVENUES	<u>180,900</u>	<u>210,114</u>	<u>29,214</u>
EXPENDITURES			
Capital Outlay	1,000	2,224	(1,224)
Contract Services	10,000	9,021	979
Court Reporter Fees	2,000	0	2,000
Dues	1,000	1,271	(271)
Employee Benefits	0	6,143	(6,143)
Insurance	1,500	2,731	(1,231)
Office Expense	15,650	14,753	897
Other	0	1,320	(1,320)
Payroll Taxes	0	1,075	(1,075)
Professional Fees	10,500	9,775	725
Repairs and Maintenance	90	226	(136)
Rent	18,000	18,000	0
Salaries	112,500	100,650	11,850
Telephone	1,560	1,747	(187)
Training and Seminars	2,600	744	1,856
Travel	<u>4,500</u>	<u>4,396</u>	<u>104</u>
TOTAL EXPENDITURES	<u>180,900</u>	<u>174,076</u>	<u>6,824</u>
EXCESS OR (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	0	36,038	36,038
FUND BALANCE - BEGINNING	<u>238,665</u>	<u>238,665</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 238,665</u>	<u>\$ 274,703</u>	<u>\$ 36,038</u>

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
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Ruston, Louisiana 71273-1344

**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**

Third Judicial District Judicial Clerk Fund
100 W. Texas Ave., 3rd Floor
Ruston, Louisiana 71270

I 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 each major fund of the Third Judicial District Judicial Clerk Fund, Louisiana, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Judicial Clerk Fund's basic financial statements, and have issued my report thereon dated June 30, 2018.

Internal Control Over Financial Reporting

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

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

My 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 have not been identified. I did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as #2017-1, that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Judicial Clerk Fund's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Judicial Clerk Fund's Response to Findings

The Judicial Clerk Fund's response to the finding identified in my audit is described in the accompanying schedule of management's corrective action plan. The Judicial Clerk Fund's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Don M. McGehee
Certified Public Accountant
June 30, 2018

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

I have audited the financial statements of the Judicial Clerk Fund as of and for the year ended December 31, 2017, and have issued my report thereon dated June 30, 2018. I conducted my 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. My audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*:

Section 1 Summary of Auditor's Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiency Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2017-1. Separation of Duties. The Judicial Clerk Fund's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section 1 Financial Statement Findings

<u>Findings</u>	<u>Status</u>
2016-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2017-1.
2016-2. Late Submitting Report. The Judicial Clerk Fund's financial report was not submitted within six months of year end.	Resolved.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section 1 Financial Statement Findings

Findings

2017-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Response

The Judicial Clerk's Fund has an accounting workload that can be easily managed by a few employees. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of resources.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
 PARISHES OF LINCOLN AND UNION, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND
 OTHER PAYMENTS TO THE JUDGES
 FOR THE YEAR ENDED DECEMBER 31, 2017**

District Judge of the Third Judicial District, Jay McCallum:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 3,095
Travel		6,430
Reimbursements		215

District Judge of the Third Judicial District, Cynthia Woodard:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 3,070
I-Pad		845
Reimbursements		17

District Judge of the Third Judicial District, Thomas Rogers:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 1,962
Travel		142

JUDICIAL CLERK FUND

STATEWIDE AGREED-UPON PROCEDURES

DECEMBER 31, 2017

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Third Judicial District Judicial Clerk Fund
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Judicial Clerk Fund 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 January 1, 2017 through December 31, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I 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

Management does not have written policies and procedures for these functions.

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.

Management does not have written policies and procedures for these functions.

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

Management does not have written policies and procedures for these functions.

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

Management does not have written policies and procedures for these functions.

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

Management does not have written policies and procedures for these functions.

- 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

Management does not have written policies and procedures for these functions.

- 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.

Management does not have written policies and procedures for these functions.

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

Management does not have written policies and procedures for these functions.

- 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.

Management does not have written policies and procedures for these functions.

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

Management does not have written policies and procedures for these functions.

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.

- 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.

- ⇒ 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.

- 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.

Bank Reconciliations

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

Management provided us with the required list and represented that it is complete.

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

- a) Bank reconciliations have been prepared;

Bank reconciliations have been prepared on selected bank accounts for all months in the fiscal period. 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; and

None of the bank reconciliations tested included evidence that a member of management reviewed the bank reconciliation.

- 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.

On the Bank reconciliations tested, there were no items that had been outstanding for more than 6 months as of the fiscal year end.

Collections

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

Management provided us with the required list and representation that it is complete.

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

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

Management provided documentation that indicates each person responsible for collecting cash is bonded. Some of those responsible for collecting cash are responsible for depositing the cash in the bank, but no one collecting cash is responsible for recording the transaction in the general ledger, or reconciling the related bank account. The Judicial Clerk Fund's Office does not accept cash and does not have a cash register or drawer.

- 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.

Management provided written documentation which indicates that a formal process is not used to reconcile cash collections to the general ledger, by revenue source, by a person who is not responsible for cash collections in the cash collection location selected.

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

⇒ Using 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.

The collection documentation did not indicate the date collected, unable to determine whether deposits were made within one day of collection.

⇒ 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.

Management does not have a process specifically identified to determine completeness of collections, but a person, who is not responsible for collections, reconciles the deposits to the supporting documentation.

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.

Management provided us with the required list and represented that it is complete.

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

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

A requisition/purchase order system was not used in the fiscal period .

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

Not applicable.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

All payments for purchases included supporting documentation, and there was written evidence that it had been approved. If receiving reports were available, they were attached. There were no requisition and/or purchase orders with payments. Purchase orders and receiving reports are not required, according to management, to process a payment.

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.

The person processing payments cannot add vendors to the purchasing/disbursement system.

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.

The judges are the only persons with signatory authority and make the final authorization for disbursements. They can initiate a purchase, but they have no responsibility for recording purchases.

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

Unused checks are maintained offsite at the accountant's office. No person who has signatory authority has access.

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 signature stamps are used.

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.

Management provided us with the required list and represented that the list is complete.

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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

The credit card statement had no evidence that it was reviewed and approved by someone other than the authorized card holder.

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

For the statement selected, there were no finance charges or late fees.

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.

Management provided us with the required list and represented that the list is complete.

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

The entity has no written policies.

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)

Selected transactions did contain other documentation, but there is not a written policy regarding requirements.

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.

Management provided the required list and represented that the listing is complete.

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

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

There was a formal/written contract to support the service arrangement and amounts paid for four of the contracts. The fifth contract was in accordance with a verbal agreement, per management.

- 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)

⇒ If not, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

None of the selected contracts were subject to the Louisiana Public Bid Law. The Judicial Clerk Fund's Office is exempt from the Procurement Code. Supporting contract documentation was obtained for the four written contracts selected. There was no evidence that solicited quotes were used as a best practice.

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

The selected contracts did not contain documentation to indicate that they were 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.

Selected largest payment from each of the contracts selected and obtained the supporting invoices for each of these payments. Compared the invoices to the contract terms and all payments complied with the terms and conditions of the applicable contract or verbal agreement as represented by management.

- 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).

Not applicable.

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:

Management provided the required list and represented that the listing is complete.

- 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.

The compensation paid to one of the employees selected was supported by a judge's order, the orders for the other employees selected were missing.

- 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.

There were no changes made during the fiscal year.

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.)

There were four employees selected, but only two were eligible to earn leave. Neither of them documented their daily attendance, but there was supporting documentation for leave found for both employees.

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

There is no written documentation that supervisors approved the attendance and leave of selected employees.

- 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.

Written documentation was maintained of leave records for the two selected employees that earn leave.

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.

There were no terminations during the fiscal year.

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.

Employee and employer portions of payroll taxes and retirement contributions, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

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

Management provided the ethics compliance documentation. The Judicial Clerk Fund's Office maintained documentation to demonstrate that required ethics training was completed.

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.

Per management, there were no alleged ethics violations reported during the fiscal period.

Debt Service (excluding nonprofits)

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

There was no debt issued during the fiscal period.

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

Not applicable.

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.

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.

There was no misappropriations of public funds or assets.

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

The Judicial Clerk Fund's Office posted the notice on its premises as required by R.S. 24:523.1. The Judicial Clerk Fund's Office does not have a 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 regarding management's representations in the procedures above.

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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.



Don M. McGehee
Certified Public Accountant
June 30, 2018