

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

**FINANCIAL STATEMENT
DECEMBER 31, 2016**

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

**FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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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, 2016, 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, 2016, 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, 2017, 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, 2017

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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MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. 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>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Current Assets	\$ 757,905	\$ 579,164	\$ 178,741	31 %
Capital Assets	<u>8,132</u>	<u>9,457</u>	<u>(1,325)</u>	(14)%
Total Assets	<u>766,037</u>	<u>588,621</u>	<u>177,416</u>	30 %
Total Deferred Outflows	<u>213,346</u>	<u>44,084</u>	<u>169,262</u>	384 %
Long-Term Liabilities	828,969	647,451	181,518	28 %
Other Liabilities	<u>39,132</u>	<u>30,248</u>	<u>8,884</u>	29 %
Total Liabilities	<u>868,101</u>	<u>677,699</u>	<u>190,402</u>	28 %
Total Deferred Inflows	<u>29,177</u>	<u>19,962</u>	<u>9,215</u>	46 %
Net Position:				
Investment in Capital Assets	8,132	9,457	(1,325)	(14)%
Unrestricted	<u>73,973</u>	<u>(74,413)</u>	<u>148,386</u>	(199)%
Total Net Position	<u>\$ 82,105</u>	<u>\$ (64,956)</u>	<u>\$ 147,061</u>	(226)%

At the close of the most recent year, net position increased by \$147,601, a change from the prior year of 226%. 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 \$148,386. The most significant changes from the prior year were an increase in cash and certificates of deposit of \$179,715, an increase in deferred outflows of \$169,262, and an increase in net pension liability of \$181,518. 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>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Program Revenues:				
Fees	\$ 259,050	\$ 262,522	\$ (3,472)	(1)%
Intergovernmental	447,835	348,393	99,442	29 %
Drug Court Revenues	38,625	35,057	3,568	10 %
Grants and Other Assistance	338,873	305,171	33,702	11 %
General Revenues:				
Interest Income	2,734	2,548	186	7 %
Miscellaneous Income	<u>2,887</u>	<u>0</u>	<u>2,887</u>	100 %
Total Revenues	<u>1,090,004</u>	<u>953,691</u>	<u>136,313</u>	14 %
Program Expenses:				
General Government-Judicial	<u>942,943</u>	<u>928,716</u>	<u>14,227</u>	2 %
Total Expenses	<u>942,943</u>	<u>928,716</u>	<u>14,227</u>	2 %
Change in Net Position	\$ <u>147,061</u>	\$ <u>24,975</u>	\$ <u>122,086</u>	489 %

Total revenues increased by 14% (\$136,313) from the prior year, as shown above. Expenses increased 2% (\$14,227) from the prior year, primarily from increases in the areas of pension expense of \$58,663, library expense of \$10,061, and contract services of \$6,289 with offsetting decreases in salaries of \$33,642, group health insurance \$11,438, and drug court expense of \$11,199. The net effect of the revenue increase and expense increase was a \$122,086 increase in the Change in Net Position for the year ended December 31, 2016 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, 2016, our governmental fund (General Fund) reported a fund balance of \$391,890, which is 37% (\$106,265) more than last year's fund balance. During 2016, revenues increased 7% (\$57,825) as compared to the previous year. Expenditures decreased about 2% (\$14,807) under the prior year. Capital outlay expenditures were \$2,581 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, 2016 was \$238,665, 6% (\$13,541) more than the prior year fund balance. Revenues were about the same as in the prior year. Expenditures decreased 15% (\$32,018) from the prior year. Capital outlay expenditures were \$2,003 less than the prior year.

General Fund Budgetary Highlights

General fund budgeted amounts were 9% (\$78,089) less than actual revenues and 6% (\$43,751) less than actual expenditures. We received \$87,139 (9%) more in intergovernmental revenue than budgeted. Drug Court expenses were \$50,492 (20%) less than budgeted.

Capital Assets

In 2016, 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, 2016**

	Governmental Activities
ASSETS	
Cash	\$ 279,081
Certificates of Deposit	326,359
Due from Other Governmental Units	151,552
Due from Others	913
Capital assets, net of depreciation	<u>8,132</u>
TOTAL ASSETS	<u>766,037</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>213,346</u>
LIABILITIES	
Accounts Payable	21,927
Accrued Liabilities	17,205
Long-Term Liabilities	
Pension Liability	<u>828,969</u>
TOTAL LIABILITIES	<u>868,101</u>
DEFERRED INFLOWS OF RESOURCES	<u>29,177</u>
NET POSITION	
Invested in Capital Assets	8,132
Unrestricted	<u>73,973</u>
TOTAL NET POSITION	<u><u>\$ 82,105</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, 2016**

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>942,943</u>	\$ <u>529,955</u>	\$ <u>554,428</u>	\$ <u>0</u>	\$ <u>141,440</u>
TOTAL GOVERNMENTAL ACTIVITIES	\$ <u>942,943</u>	\$ <u>529,955</u>	\$ <u>554,428</u>	\$ <u>0</u>	<u>141,440</u>
 GENERAL REVENUES:					
Interest Earnings					2,734
Miscellaneous					<u>2,887</u>
TOTAL GENERAL REVENUES					<u>5,621</u>
CHANGE IN NET POSITION					147,061
NET POSITION - BEGINNING					<u>(64,956)</u>
NET POSITION - ENDING					\$ <u>82,105</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, 2016**

	General Fund	Children's Assistance Fund	Total Governmental Funds
ASSETS			
Cash	\$ 209,903	\$ 69,178	\$ 279,081
Certificates of Deposit	214,418	111,941	326,359
Due from Other Governments	47,765	15,569	63,334
Due from Others	913	0	913
Due from Other Funds	<u>0</u>	<u>44,497</u>	<u>44,497</u>
TOTAL ASSETS	<u>\$ 472,999</u>	<u>\$241,185</u>	<u>\$ 714,184</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 20,320	\$ 1,607	\$ 21,927
Accrued Liabilities	16,292	913	17,205
Due to Other Funds	<u>44,497</u>	<u>0</u>	<u>44,497</u>
TOTAL LIABILITIES	<u>81,109</u>	<u>2,520</u>	<u>83,629</u>
FUND BALANCES			
Restricted for -			
Children's Assistance	0	238,665	238,665
Unassigned	<u>391,890</u>	<u>0</u>	<u>391,890</u>
TOTAL FUND BALANCES	<u>391,890</u>	<u>238,665</u>	<u>630,555</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 472,999</u>	<u>\$241,185</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	88,218
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund statements.	8,132
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.	213,346
The deferred inflows of contributions for pension obligations are not available resources, and therefore, are not reported in the fund financial statements.	(29,177)
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>(828,969)</u>

NET POSITION OF GOVERNMENT ACTIVITIES	<u>\$ 82,105</u>
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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, 2016**

	<u>General</u>	<u>Children's Assistance</u>	<u>Total Governmental Funds</u>
REVENUES			
Fees Collected by:			
Lincoln Parish Sheriff	\$ 151,728	\$ 0	\$ 151,728
Union Parish Sheriff	38,512	0	38,512
Lincoln Parish Clerk of Court	12,692	0	12,692
Union Parish Clerk of Court	8,670	0	8,670
Union Parish Probation Fees	47,448	0	47,448
Intergovernmental:			
Lincoln Parish Criminal Court	129,152	0	129,152
Union Parish Criminal Court	46,597	0	46,597
Louisiana Workforce Commission	6,390	0	6,390
State of Louisiana-Children's Assistance	0	186,542	186,542
Drug Court Revenue	38,625	0	38,625
Grant Revenue	338,873	0	338,873
Interest Income	627	2,107	2,734
On-Behalf Revenue	29,013	0	29,013
Other Income	<u>2,887</u>	<u>0</u>	<u>2,887</u>
TOTAL REVENUES	<u>851,214</u>	<u>188,649</u>	<u>1,039,863</u>
EXPENDITURES			
Judicial	742,368	175,198	917,566
Capital Outlay	<u>2,581</u>	<u>0</u>	<u>2,581</u>
TOTAL EXPENDITURES	<u>744,949</u>	<u>175,198</u>	<u>920,147</u>
NET CHANGES IN FUND BALANCES	106,265	13,451	119,716
FUND BALANCES - BEGINNING	<u>285,625</u>	<u>225,214</u>	<u>510,839</u>
FUND BALANCES - ENDING	<u>\$ 391,890</u>	<u>\$ 238,665</u>	<u>\$ 630,555</u>

See accompanying notes to financial statements.

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 119,716

Amounts reported for governmental activities in the Statement of Activities are different from those reported in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund balance on the previous page because:

Revenues of \$88,218 recognized in the Statement of Activities were not available to fund current period expenditures and are therefore not recognized as revenue in the Governmental Fund financial statements. Revenues of \$38,077 recognized in the prior year Statement of Activities but not in the prior year fund financial statements were recognized in the current year fund financial statements 50,141

Governmental Fund statements report capital outlays as expenditures. However, the Statement of Activities reflects capital outlays as an increase in capital assets and recognizes an economic cost of the asset as depreciation expense over the estimated useful life of the asset. Depreciation expense in the statement of activities of \$3,906 was more than the \$2,581 of capital outlay expenditures in the governmental funds. (1,325)

Adjustment for Difference in Pension Expense - Governmental funds report pension expenditures based on required contributions, while in the Statement of Activities pension expense is reported based on the change in net pension liability and amortization of deferred inflows and outflows. (21,471)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 147,061

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, 2016**

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, 2016**

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, 2016

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, 2016. 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. Neither the general fund or special revenue fund budgets were legally amended for the year ended December 31, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016**

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 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, 2016, 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 vacation and/or sick leave lapses and no payments are made for the unused accumulations. 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, 2016

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, 2016, the Judicial Clerk Fund had cash and certificates of deposit as follows:

	Cash	Certificates of Deposit
Demand Deposits	\$ 279,081	\$ 0
Time Deposits	0	326,359
Total	\$ 279,081	\$ 326,359

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, 2016, the Judicial Clerk Fund has \$615,151 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	\$ 8,401
Union Parish Sheriff's Office	2,417
Lincoln Parish Clerk of Court	864
Union Parish Clerk of Court	660
State of Louisiana - Child Support Fees	15,569
Lincoln Parish Criminal Court Fund	8,317
Union Parish Criminal Court Fund	88,218
State of Louisiana-Supreme Court (FNS)	2,714
State of Louisiana-Supreme Court (Drug Court)	24,392
TOTAL	\$ 151,552

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016**

NOTE 4 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2016, are as follows:

	Balance <u>01/01/16</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/16</u>
<u>Capital Assets at Cost</u>				
Furniture and Fixtures	\$ 11,518	\$ 0	\$ 0	\$ 11,518
Equipment	<u>109,953</u>	<u>2,581</u>	<u>0</u>	<u>112,534</u>
TOTALS	<u>121,471</u>	<u>2,581</u>	<u>0</u>	<u>124,052</u>
<u>Less:</u>				
Accumulated Depreciation	<u>112,014</u>	<u>3,906</u>	<u>0</u>	<u>115,920</u>
Net Capital Assets	<u>\$ 9,457</u>	<u>\$ (1,325)</u>	<u>\$ 0</u>	<u>\$ 8,132</u>

Depreciation expense of \$3,906 was charged to the general government judicial function in the Statement of Activities, of which \$2,619 was related to the general fund and \$1,287 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, 2016

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, 2016

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, 2016

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

All 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, 2016

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 minim 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 statutes. 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, 2016

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

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

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 5 - PENSION PLAN (CONTINUED)

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
Appellate Law Clerks	Closed	7.50 %	35.80 %
Appellate Law Clerks hired on or after 7/1/2006	Open	8.00 %	35.80 %
Regular Employees hired before 7/1/2006	Closed	7.50 %	35.80 %
Regular Employees hired on or after 7/1/2006	Closed	8.00 %	35.80 %
Regular Employees hired on or after 1/1/2011	Closed	8.00 %	35.80 %
Regular Employees hired on or after 7/1/15	Open	8.00 %	35.80 %
Optional Retirement Plan before 7/1/2006*	Closed	7.50 %	35.80 %
Optional Retirement Plan on or after 7/1/2006	Closed	8.00 %	35.80 %
Special Legislative Employees	Closed	9.50 %	41.10 %
Judges hired before 1/1/2011	Closed	11.50 %	38.00 %
Judges hired after 12/31/2010	Closed	13.00 %	36.70 %
Judges hired on or after 7/1/15	Open	13.00 %	36.70 %
Corrections Primary	Closed	9.00 %	31.10 %
Corrections Secondary	Closed	9.00 %	35.30 %
Wildlife Agents	Closed	9.50 %	44.80 %
Peace Officers	Closed	9.00 %	34.30 %
Alcohol Tobacco Control	Closed	9.00 %	30.70 %
Bridge Police	Closed	8.50 %	34.20 %
Bridge Police Hired after 7/01/06	Closed	8.50 %	34.20 %
Hazardous Duty	Open	9.50 %	36.10 %
Harbor Police	Closed	9.00 %	4.00 %
Legislators	Closed	11.50 %	39.10 %

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

The Judicial Clerk Fund's contractually required composite contribution rate for the pension plan year ended June 30, 2017 and 2016 was 37.2% 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 \$67,165 for the year ended December 31, 2016.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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, 2015, the actuarially determined contribution rate was 10.40% of member's compensation for Plan A and 6.91% of member's compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2015 was 14.50% for Plan A and 9.00% for Plan B. The Judicial Clerk Fund participates in Plan A. The actual rate of Plan A for the fiscal year ending December 31, 2016 was 13.00%. Contributions to the pension plan from the the Judicial Clerk's Fund were \$14,974 for the year ended December 31, 2016.

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 June 30, 2017 and 2016 was 37.2% 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 \$67,165 for the year ended December 31, 2016.

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

At December 31, 2016, the Employer reported a liability of \$647,451 for its proportionate share of the Net Pension Liability for all plans. The Net Pension Liability was measured as of June 30, 2016 for the LASERS Plan and as of December 31, 2015 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, 2016, the Judicial Clerk's Fund's proportion of the LASERS Plan was 0.00895% for the District Court and 0.00084% for the Children's Assistance Fund which was an increase of 0.00034% and 0.00001%, respectively, from its proportion measured as of June 30, 2015. At December 31, 2015, the Judicial Clerk's Funds proportion of the PERS Plan was 0.022961%, which was an increase of 0.003747% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the the Judicial Clerk Fund recognized pension expense of \$80,238 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions \$23,371.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

NOTE 5 - PENSION PLAN (CONTINUED)

At December 31, 2016, 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	\$ 445	\$ 16,734
Changes of assumptions	13,467	0
Net difference between projected and actual earnings on pension plan investments	151,026	0
Change in proportion and differences between Employer contributions and proportionate share of contributions	15,644	6,545
Employer contributions subsequent to the measurement date	<u>32,764</u>	<u>5,898</u>
Total	<u>\$ 213,346</u>	<u>\$ 29,177</u>

The Judicial Clerk Fund is reporting \$32,939 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2017	\$ 28,643
2018	\$ 34,783
2019	\$ 53,586
2020	\$ 34,218

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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, 2016 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.75% per annum, net of investment expenses*
Inflation Rate	3.0% per annum
Mortality	Non-disabled members - Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 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:

Member Type	Lower Range	Upper Range
Regular	4.0 %	13.0 %
Judges	3.0 %	5.5 %
Corrections	3.6 %	14.5 %
Hazardous Duty	3.6 %	14.5 %
Wildlife	3.6 %	14.5 %

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

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

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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 8.72% for 2016. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation¹</u>	<u>Long-Term Expected Real Rate of Return¹</u>
Cash	0 %	-0.24 %
Domestic equity	25 %	4.31 %
International equity	32 %	5.48 %
Domestic Fixed Income	8 %	1.63 %
International Fixed Income	6 %	2.47 %
Alternative Investments	22 %	7.42 %
Global Asset Allocation	7 %	2.92 %
Total	<u>100 %</u>	<u>5.30 %</u>

¹ *For reference only: Target Allocation presented in LASERS 2016 CAFR, page 50, and Long-Term Expected Real Rate of Return, page 28.*

PERS Plan

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2015 are as follows:

Valuation Date	December 31, 2015
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.

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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 CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.0% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.55% for the year ended December 31, 2015. Best estimates of arithmetic real rates of return for each major asset class included in the PERS target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	34 %	1.06 %
Equity	51 %	3.56 %
Alternatives	12 %	0.74 %
Real Assets	3 %	0.19 %
Totals	<u>100 %</u>	<u>5.55 %</u>
Inflation		<u>2.00 %</u>
Expected Arithmetic Nominal Return		<u>7.55 %</u>

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 7.75%. 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, 2016

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.

Change in Assumptions:

Amounts reported in fiscal year ended December 31, 2015 for PERS reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.25% to 7.00% as of the valuation date December 31, 2015. Other changes are as follows:

Valuation Date	December 31, 2015	December 31, 2014
Inflation Rate	2.50%	3.00%
Project Salary Increases	5.25% (2.50% Inflation, 2.75% Merit)	5.75% (3% Inflation, 2.75% Merit)

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 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	1.0% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Employer's proportionate share of the net pension liability	\$ 944,209	\$ 768,529	\$ 619,256

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:

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 151,424	\$ 60,440	\$ (16,453)

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 2016 Comprehensive Annual Financial Report at www.lasersonline.org and the PERS 2015 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 \$6,677 and to PERS of \$6,479 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:

General Fund

Salaries	\$ 25,350
Fringe Benefits	<u>3,663</u>
Total On-Behalf Payments	<u>\$ 29,013</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, 2016**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Budget Positive (Negative)
REVENUES			
Fees	\$ 242,500	\$ 259,050	\$ 16,550
Drug Court Income	65,000	38,625	(26,375)
Grants and Other Assistance	325,000	338,873	13,873
Interest Income	25	627	602
Intergovernmental	95,000	182,139	87,139
Miscellaneous	0	2,887	2,887
On-Behalf Revenue	<u>45,600</u>	<u>29,013</u>	<u>(16,587)</u>
TOTAL REVENUES	<u>773,125</u>	<u>851,214</u>	<u>78,089</u>
EXPENDITURES			
Capital Outlay	1,500	2,581	(1,081)
Computer Expense	25,000	40,608	(15,608)
Contract Services	25,000	37,891	(12,891)
Dues	1,500	1,185	315
Drug Court Expenses	250,000	199,508	50,492
Employee Benefits	131,000	120,198	10,802
FINS Expenses	20,000	100	19,900
Insurance	1,000	5,714	(4,714)
Library	1,000	10,730	(9,730)
Licenses and Permits	250	1,375	(1,125)
Miscellaneous	0	1,589	(1,589)
Office Expenses	17,600	18,741	(1,141)
Payroll Taxes	7,000	5,968	1,032
Probation Expenses	1,250	165	1,085
Professional Fees	25,000	26,377	(1,377)
Rent	5,000	5,147	(147)
Repairs and Maintenance	8,500	1,773	6,727
Salaries	235,000	229,302	5,698
Telephone	18,000	17,577	423
Trial Expenses	0	1,470	(1,470)
Travel and Seminars	14,100	15,583	(1,483)
Workers' Compensation	<u>1,000</u>	<u>1,367</u>	<u>(367)</u>
TOTAL EXPENDITURES	<u>788,700</u>	<u>744,949</u>	<u>43,751</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(15,575)	106,265	121,840
FUND BALANCE - BEGINNING	<u>0</u>	<u>285,625</u>	<u>285,625</u>
FUND BALANCE - ENDING	<u>\$ (15,575)</u>	<u>\$ 391,890</u>	<u>\$ 407,465</u>

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

**BUDGETARY COMPARISON SCHEDULE-SPECIAL REVENUE FUNDS
DECEMBER 31, 2016**

	<u>Budget</u>	<u>Actual Amounts</u>	Variance with Budget Positive (Negative)
REVENUES			
Intergovernmental	180,000	186,542	6,542
Interest Income	<u>900</u>	<u>2,107</u>	<u>1,207</u>
TOTAL REVENUES	<u>180,900</u>	<u>188,649</u>	<u>7,749</u>
EXPENDITURES			
Capital Outlay	3,075	0	3,075
Contract Services	12,000	11,150	850
Court Reporter Fees	1,750	0	1,750
Dues	300	738	(438)
Employee Benefits	0	5,729	(5,729)
Insurance	6,500	1,728	4,772
Office Expense	9,950	12,376	(2,426)
Other	125	709	(584)
Payroll Taxes	0	924	(924)
Professional Fees	9,600	9,873	(273)
Repairs and Maintenance	96	0	96
Rent	20,400	18,000	2,400
Salaries	140,000	106,676	33,324
Telephone	0	1,601	(1,601)
Training and Seminars	600	2,179	(1,579)
Travel	<u>2,500</u>	<u>3,515</u>	<u>(1,015)</u>
TOTAL EXPENDITURES	<u>206,896</u>	<u>175,198</u>	<u>31,698</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(25,996)	13,451	39,447
FUND BALANCE - BEGINNING	<u>0</u>	<u>225,214</u>	<u>225,214</u>
FUND BALANCE - ENDING	<u>\$ (25,996)</u>	<u>\$ 238,665</u>	<u>\$ 264,661</u>

OTHER REPORTS AND SCHEDULES

DON M. MCGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
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, 2016, 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, 2017.

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.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified a deficiency in internal control that I consider to be a material weakness.

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.

I consider the deficiency described in the accompanying schedule of findings and questioned costs as #2016-1, to be a material weakness.

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. I consider none of the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item #2016-2.

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, 2017

THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

I have audited the financial statements of the Judicial Clerk Fund as of and for the year ended December 31, 2016, and have issued my report thereon dated June 30, 2017. 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, 2016 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 2016-1. 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.

Finding 2016-2. Late Submission of Report. The Judicial Clerk Fund's Office is required by state law to submit the audited financial statements to the Louisiana Legislative Auditor within six months of year end. The report was not submitted until three days after this due date.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section 1 Financial Statement Findings

<u>Findings</u>	<u>Status</u>
2015-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2016-1.

**THIRD JUDICIAL DISTRICT JUDICIAL CLERK FUND
PARISHES OF LINCOLN AND UNION, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section 1 Financial Statement Findings

Findings

2016-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

2016-2. Late Submission of Report. State law requires that the Judicial Clerk's Fund submit annual audited financial statements to the Louisiana Legislative Auditor within six months of year end. The report was submitted three days after this due date. The CPA firm completed the report on June 30th, but needed clarification concerning the collateralization of bank deposits. The bank had already closed for the day, so on the next banking day, the CPA firm contacted the bank and the bank was able to provide the clarification needed. The report was then released and submitted to the Legislative Auditor. I recommend the CPA firm complete the report before the due date next year to allow for unexpected issues that may arise.

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.

The Judicial Clerk's Fund provided the information requested by the CPA firm for the audit in a timely manner as requested.

**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, 2016**

District Judge of the Third Judicial District, Jay McCallum:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 1,662
Travel		6,154

District Judge of the Third Judicial District, Cynthia Woodard:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 2,415
Reimbursements		184

District Judge of the Third Judicial District, Thomas Rogers:

	<u>Purpose</u>	<u>Amount</u>
Cell Phone		\$ 1,662
Reimbursements		184