

**LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana**

**Annual Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 2016
With Supplemental Information Schedules**

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

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Independent Auditor's Report

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Lincoln Parish Clerk of Court, a component unit of the Lincoln Parish Police Jury, as of June 30, 2016, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Clerk'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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Lincoln Parish Clerk of Court'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 Lincoln Parish Clerk of Court'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.

LINCOLN PARISH CLERK OF COURT

Ruston Louisiana

Independent Auditor's Report,

June 30, 2016

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Lincoln Parish Clerk of Court as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, the budgetary comparison information on pages 37 through 38, the schedule of funding progress for the retiree healthcare plan on page 39, and the schedule of the Clerks' proportionate share of the net pension liability on pages 40 through 41, 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 managements'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 Lincoln Parish Clerk of Court's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are 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. The schedule of compensation, benefits, and other payments to agency head on page 43 is presented for purposes of additional analysis and is not a required part of 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 information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
Independent Auditor's Report,
June 30, 2016

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated November 7, 2016, on my consideration of the Lincoln Parish Clerk of Court's internal control over financial reporting and on 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 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 Lincoln Parish Clerk of Court's internal control over financial reporting and compliance.



West Monroe, Louisiana
November 7, 2016

REQUIRED SUPPLEMENTARY INFORMATION
PART I

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Management's Discussion and Analysis
June 30, 2016

As management of the Lincoln Parish Clerk of Court, I offer readers of the Lincoln Parish Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Lincoln Parish Clerk of Court for the fiscal year ended June 30, 2016. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Clerk's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Clerk of Court's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Lincoln Parish Clerk of Court's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Lincoln Parish Clerk of Court's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Lincoln Parish Clerk of Court is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lincoln Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Lincoln Parish Clerk of Court can be divided into two categories: governmental funds and fiduciary (agency) funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Lincoln Parish Clerk of Court's programs, Fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Lincoln Parish Clerk of Court's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Lincoln Parish Clerk of Court exceeded liabilities by \$2,888,783. Approximately .1% of the Lincoln Parish Clerk of Court's net position reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Lincoln Parish Clerk of Court to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets.

STATEMENT OF NET POSITION
Governmental Funds

	2016	2015
ASSETS		
Cash and cash equivalents	\$4,799,930	\$4,276,085
Receivables	60,503	60,171
Due from agency funds	3,293	2,975
Utility deposit	200	200
Capital assets (net of accumulated depreciation)	15,727	4,186
TOTAL ASSETS	4,879,653	4,343,617
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	201,560	77,484
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$5,081,213	\$4,421,101
LIABILITIES		
Accounts payable	\$10,844	\$11,550
Payroll withholdings payable	2,609	3,353
Compensated absences payable	37,852	30,188
Net pension liability	892,507	816,095
Net OPEB Obligation	1,182,769	1,083,082
TOTAL LIABILITIES	2,126,581	1,944,268
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	65,849	165,729
NET POSITION		
Invested in capital assets, net of related debt	15,727	4,186
Unrestricted	2,873,056	2,306,918
TOTAL NET POSITION	2,888,783	2,311,104
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$5,081,213	\$4,421,101

STATEMENT OF ACTIVITIES

	2016	2015
Personal services	\$1,083,665	\$1,064,336
Operating services	223,140	162,506
Materials and supplies	41,253	28,847
Travel	55,222	46,870
Depreciation expense	5,980	6,674
Total Program Expenses	1,409,260	1,309,233
Program revenues:		
License and permits - marriage	4,833	4,915
Clerk's supplemental compensation	21,850	21,550
Court cost, fees, and charges	944,710	944,821
Fees for recording legal documents	589,709	616,150
Fees for certified copies of documents	44,603	49,689
Fees for copies	219,468	229,555
Other revenue	61,172	57,676
Total program revenues	1,886,345	1,924,356
Net Program Expenses	477,085	615,123
General revenues -		
Interest earned	8,456	3,695
Change in Net Position	485,541	618,818
Net Position - Beginning of year	2,403,242	1,692,286
Net Position - End of year	\$2,888,783	\$2,311,104

Financial Analysis of the Government's Funds

As noted earlier, the Lincoln Parish Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2016, the General Fund unassigned fund balance of \$4,850,473 showed an increase of \$525,945 over June 30, 2015.

General Fund Budgetary Highlights

Differences between revenues of the original budget and the final budget were primarily due to an increase in anticipated revenues for fees for court costs, fees, and charges, recording legal documents, copies of documents, copies, and other revenues and a decrease in license and permits and other revenues. The difference between expenditures of the original budget and the final budget were due primarily to an increase in materials and supplies.

Capital Asset and Debt Administration

Capital assets. The Lincoln Parish Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$15,727 (net of accumulated depreciation). This investment includes furniture and equipment. There were increases of \$17,521 in capital assets and no decreases in capital assets for the year.

Long-term debt. The Lincoln Parish Clerk of Court's has long term debt outstanding of \$37,852, which consists of compensated absences. The Lincoln Parish Clerk of Court contributes to a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees through the clerk's group health insurance plan. Net OPEB obligation associated with the Retiree Health Plan at June 30, 2016 is \$1,182,769. The Lincoln Parish clerk of Court is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan. Net pension obligation associated with the pension plan at June 30, 2016 is \$892,507.

Requests for Information

This financial report is designed to provide a general overview of the Lincoln Parish Clerk of Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lincoln Parish Clerk of Court, P.O. Box 924, Ruston, LA 71273.

November 7, 2016

BASIC FINANCIAL STATEMENTS

LINCOLN PARISH CLERK OF COURT
Ruston, LouisianaSTATEMENT OF NET POSITION
June 30, 2016**ASSETS**

Cash and cash equivalents	\$4,799,930
Receivables - fees, charges, and commissions	60,503
Due from agency funds	3,293
Utility deposit	200
Capital assets (net of accumulated depreciation)	<u>15,727</u>
TOTAL ASSETS	4,879,653

DEFERRED OUTFLOWS OF RESOURCES

Pension related	<u>201,560</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$5,081,213</u>

LIABILITIES

Liabilities	
Accounts payable	\$10,844
Payroll withholdings payable	2,609
Compensated absences payable	37,852
Net pension liability	892,507
Net OPEB Obligation	<u>1,182,769</u>
TOTAL LIABILITIES	2,126,581

DEFERRED INFLOWS OF RESOURCES

Pension related	65,849
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NET POSITION

Invested in capital assets, net of related debt	15,727
Unrestricted	<u>2,873,056</u>
TOTAL NET POSITION	<u>\$2,888,783</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$5,081,213</u>
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The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

STATEMENT OF ACTIVITIES
June 30, 2016

Judicial:	
Personal services	\$1,083,665
Operating services	223,140
Materials and supplies	41,253
Travel	55,222
Depreciation expense	5,980
Total Program Expenses	<u>1,409,260</u>
Program revenues:	
License and permits - marriage	4,833
Clerk's supplemental compensation	21,850
Court cost, fees, and charges	944,710
Fees for recording legal documents	589,709
Fees for certified copies of documents	44,603
Fees for copies	219,468
Other revenues	61,172
Total program revenues	<u>1,886,345</u>
Net Program Expenses	<u>477,085</u>
General revenues - interest earned	<u>8,456</u>
Change in Net Position	485,541
Net Position - Beginning of year - as restated	<u>2,403,242</u>
Net Position - End of year	<u><u>\$2,888,783</u></u>

The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2016

ASSETS

Cash and cash equivalents	\$4,799,930
Receivables - fees, charges, and commissions	60,503
Due from agency funds	3,293
Utility deposit	<u>200</u>
TOTAL ASSETS	<u>\$4,863,926</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Accounts payable	\$10,844
Payroll withholdings payable	<u>2,609</u>
TOTAL LIABILITIES	13,453
Fund Equity - fund balances - unassigned	<u>4,850,473</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$4,863,926</u>

The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position

For the Year Ended June 30, 2016

Total Fund Balances at June 30, 2016 - Governmental Funds (Statement C)		\$4,850,473
Deferred outflows of resources		201,560
Cost of capital assets at June 30, 2016	\$278,742	
Less: Accumulated depreciation	<u>(263,015)</u>	15,727
Long term liabilities at June 30, 2016:		
Compensated absences payable	(37,852)	
Net pension liability	(892,507)	
Net OPEB Obligation	<u>(1,182,769)</u>	(2,113,128)
Deferred inflows of resources		<u>(65,849)</u>
Net Position at June 30, 2016 (Statement A)		<u>\$2,888,783</u>

The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2016

REVENUES

Licenses and permits - marriage	\$4,833
Intergovernmental revenue - state funds - Clerk's supplemental compensation	21,850
Fees, charges, and commissions for services:	
Court costs, fees, and charges	944,710
Fees for recording legal documents	589,709
Fees for certified copies of documents	44,603
Fees for copies	219,468
Use of money and property - interest earnings	8,456
Other revenues	138
Total revenues	<u>1,833,767</u>

EXPENDITURES

Current:

General government - judicial:

Personal services	970,686
Operating services	223,140
Materials and supplies	41,253
Travel and other charges	55,222
Capital outlay	17,521
Total expenditures	<u>1,307,822</u>

EXCESS OF REVENUES OVER EXPENDITURES

525,945

FUND BALANCES AT BEGINNING OF YEAR4,324,528**FUND BALANCES AT END OF YEAR**\$4,850,473

The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Reconciliation of Governmental Funds
Statement of Revenue, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds (Statement D)	\$525,945
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	11,541
Payments of long-term debt, including contributions to OPEB obligation, are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities.	(99,687)
In the Statement of Activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(7,664)
Non-employer contributions to cost-sharing pension plan	61,034
Pension expense	<u>(5,628)</u>
Change in net position of governmental activities (Statement B)	<u>\$485,541</u>

The accompanying notes are an integral part of this statement.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
Statement of Fiduciary Net Assets - Agency Funds

June 30, 2016

	<u>ADVANCE DEPOSIT</u>	<u>REGISTRY OF COURT</u>	<u>NON SUPPORT</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$1,013,876	\$845,088	\$105	\$1,859,069
Receivables			3,135	3,135
TOTAL ASSETS	<u>\$1,013,876</u>	<u>\$845,088</u>	<u>\$3,240</u>	<u>\$1,862,204</u>
LIABILITIES				
Due to general fund	\$612		\$2,681	\$3,293
Accounts payable			454	454
Unsettled balances due to others	1,013,264	\$845,088	105	1,858,457
TOTAL LIABILITIES	<u>\$1,013,876</u>	<u>\$845,088</u>	<u>\$3,240</u>	<u>\$1,862,204</u>

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the clerk of court serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

The accompanying financial statements of the Lincoln Parish Clerk of Court have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Lincoln Parish Police Jury is the financial reporting entity for Lincoln Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Lincoln Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury maintains and operates the parish courthouse in which the clerk of court's office is located and provides partial funding for equipment, furniture and supplies of the clerk of court's office, the clerk of court was determined to be a component unit of the Lincoln Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the Lincoln Parish financial reporting entity.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The clerk of court's basic financial statements include both government-wide (reporting the clerk of court as a whole) and fund financial statements (reporting the clerk's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the clerk are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the clerk, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts; invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The clerk first uses restricted resources to finance qualifying activities.

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

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the clerk's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the clerk's general revenues.

Allocation of Indirect Expenses - The clerk reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the clerk are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the clerk. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The clerk of court's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the clerk are described as follows:

Governmental Fund Type

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

Fiduciary Fund Type - Agency Funds

The Advance Deposit, Registry of Court and Non Support Expense agency funds are used to account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. BASIS OF ACCOUNTING

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

1. Accrual:

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use 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 the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The clerk considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

LINCOLN PARISH CLERK OF COURT
 Ruston, Louisiana
 Notes to the Financial Statements (Continued)

Revenues

Intergovernmental revenue, recordings, cancellations, court attendance, criminal costs, and other fees, charges, and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially all other revenues are recognized when received by the clerk of court.

Based on the above criteria, intergovernmental revenue, recordings, cancellations, court attendance, criminal costs, and other fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

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

E. CASH AND CASH EQUIVALENTS

Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2016, the clerk of court has cash and cash equivalents (book balances) totaling \$6,658,999.

Demand deposits	\$4,780,495
Petty Cash	1,878,204
Time deposits	300
Total	<u>\$6,658,999</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times be secured as follows:

Bank Balances	<u>\$6,737,053</u>
Federal deposit insurance	\$1,310,000
Pledged securities (uncollateralized)	6,771,193
Total	<u>\$8,081,193</u>

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the clerk, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk of court that the fiscal agent has failed to pay deposited funds upon demand.

F. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the clerk, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

G. ANNUAL AND SICK LEAVE

All employees of the clerk of court’s office earn from two to three weeks of vacation leave each year, depending on length of service. All employees of the clerk’s office earn ten days of sick leave annually. Vacation leave must be used during the year earned. Sick leave may be accumulated. Upon termination of employment, employees are paid for a maximum of 30 days of accumulated sick leave at their current rate of pay.

At June 30, 2016, employees had accumulated and vested \$37,852 in sick leave benefits, which is included in general long-term obligations in the accompanying financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued sick leave, maximum of 30 days, upon separation of employment.

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

H. RISK MANAGEMENT

The clerk is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the clerk maintains commercial insurance policies covering his automobile, professional liability and surety bond coverage. In addition to the above policies, the clerk also maintains an errors and omissions claims paid policy with the Louisiana Clerks of Court Risk Management Agency. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2016.

I. PENSION PLANS

The Lincoln Parish Clerk's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 3. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

J. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS AND RESTATEMENT OF NET POSITION

The Lincoln Parish Clerk of Courts' Office adopted Government Accounting Standards Board (GASB) Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The net effect to the Government-Wide Statement of Net Position is as follows:

Total Net Position, June 30, 2015, as previously stated	2,311,104
Net Pension Liability at June 30, 2015	<u>92,138</u>
Total Net Position, June 30, 2015, Restated	<u><u>\$2,403,242</u></u>

2. CHANGES IN CAPITAL ASSETS

A summary of changes in office furnishings and equipment follows:

LINCOLN PARISH CLERK OF COURT
 Ruston, Louisiana
 Notes to the Financial Statements (Continued)

Balance, June 30, 2015	\$261,221
Additions	17,521
Deletions	<u>NONE</u>
Balance, June 30, 2016	\$278,742
Less accumulated depreciation	<u>(263,015)</u>
Net Capital Assets	<u><u>\$15,727</u></u>

3. NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY INFORMATION FOR A COST-SHARING EMPLOYER

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

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

Summary of Significant Accounting Policies.

The Louisiana Clerks' of Court Retirement and Relief Fund prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

The Louisiana Clerks' of Court Retirement and Relief Fund employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2015.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
Notes to the Financial Statements (Continued)

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the Fund's collective net pension liability. The Fund's plan fiduciary net position was determined using the accrual basis of accounting. The Fund's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the Fund's investments. Accordingly, actual results may differ from estimated amounts.

Plan Description.

The Louisiana Clerks' of Court Retirement and Relief Fund was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:1501 for eligible employees of the clerk of the supreme court, each of the district courts, each of the courts of appeal, each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of entrance into the Fund, the Louisiana Clerks' of Court Association, The Louisiana Clerks of Court Insurance Fund, and the employees of the Fund. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Plan Benefits

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more and terminating employment. Regular retirement benefits, payable monthly for life, equal 3 1/3 percent of the members average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement age to 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

According to the state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 20, 2015, the actual employer contribution rate was 19.0%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance any unfunded accrued liability. In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2016, the Clerk reported a liability of \$892,507 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerks' proportion of the net pension liability was based on a projection of the Clerks' long-term share of contributions to the pension plan relative to the projected contributions of all participating clerks' actuarially determined. At June 30, 2015, the Clerks' proportion was .5950 percent, which was a decrease of .004 from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Clerk recognized pension expense of \$5,628 at June 30, 2015, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance	\$73,870	\$185,160
Change in system deferred outflows and inflows of resources	25,068	(123,942)
Changes in proportionate share	(492)	4,526
Differences between Sheriff contributions and proportionate share of contributions	103,114	105
Sheriff contributions subsequent to the measurement date		
Total	\$201,560	\$65,849

LINCOLN PARISH CLERK OF COURT
 Ruston, Louisiana
 Notes to the Financial Statements (Continued)

\$103,114 reported as deferred outflows of resources related to pensions resulting from the Clerks' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$407
2017	407
2018	407
2019	28,864
Total	30,085

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2015
Actuarial cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense
Projected salary increases	5.0%
Mortality rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 1 year for males) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females)
Expected remaining service lives	2014 - 5 years, 2015 - 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The actuarial assumptions used are based on the assumptions used in the 2015 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study performed over the period July 1, 2009 through June 30, 2014 unless otherwise specified.

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

The discounted rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund’s actuary. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method.

Sensitivity of the Clerks’ proportionate share of the net pension liability to changes in the discount rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Clerks’ proportionate share of the net pension liability	\$1,344,588	\$892,507	\$508,839

4. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Employees are covered by the Louisiana Clerks’ of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: completion of 25 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Employees first becoming members of the retirement system on and after January 1, 2011 must be at least age 60 to receive unreduced benefits. Based on historical experience, most employees wait until 25 years of service or until age 60 to enter D.R.O.P.

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees and dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

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

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

Fund Policy. Until 2009, the Lincoln Parish Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (the Lincoln Parish Clerk of Court’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2016 and 2015, Lincoln Parish Clerk of Court’s portion of health care and life insurance funding cost for retired employees totaled \$63,622 and 38,402, respectively.

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

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

	<u>2016</u>
Normal Cost	\$83,299
30-year UAL amortization amount	<u>99,321</u>
Annual required contribution (ARC)	<u><u>\$182,620</u></u>

Net Post-employment Benefit Obligation OPEB (Asset). The table below shows Lincoln Parish Clerk of Court’s Net Other Post-employment Benefit (OPEB) Obligation (Asset) for the fiscal years ending June 30, 2016:

	<u>2016</u>	<u>2015</u>
Beginning Net OPEB Obligation	\$1,083,082	\$960,775
Annual required contribution	182,620	177,839

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

Interest on net OPEB obligation	\$43,323	\$38,431
ARC Adjustment	(62,634)	(55,562)
Annual OPEB cost (expense)	163,309	160,708
Contributions made	(63,622)	(38,401)
Increase in net OPEB obligation	99,687	122,307
Net OPEB obligation at end of year	<u>\$1,182,769</u>	<u>\$1,083,082</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2016	\$ 163,309	38.96%	\$ 1,182,769
June 30, 2015	\$ 160,708	23.89%	\$ 1,083,082

Funded Status and Funding Progress. In 2016 and 2015, Lincoln Parish Clerk of Court made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2016 was \$1,786,147 which is defined as that portion, as determined by a particular actuarial cost method (the Lincoln Parish Clerk of court uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

Actuarial Accrued Liability (AAL)	\$1,786,147
Actuarial Value of Plan Assets (AVP)	NONE
Unfunded Act. Accrued Liability (UAAL)	\$1,786,147
Funded Ratio (AVP/AAL)	0.00%
Covered Payroll (active plan members)	\$609,652
UAAL as a percentage of covered payroll	292.98%

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

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental for the retirees and 50% for dependents. Since blended rates (active and retired prior to Medicare eligibility) were provided, unblended rates applicable before Medicare eligibility were estimated and were used pursuant to GASB Codification Section P50's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate. The unblended rates for post-Medicare eligibility were used.

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

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

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

5. CHANGES IN AGENCY FUND BALANCES

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

	Advance Deposit Fund	Registry of Court Fund	Non Support Fund	Total
Balance, July 1, 2015	\$933,342	\$1,392,992	\$105	\$2,326,439
Additions	610,802	71,134	27,781	709,717
Deletions	(530,880)	(619,038)	(27,781)	(1,177,699)
Balance June 30, 2016	<u>\$1,013,264</u>	<u>\$845,088</u>	<u>\$105</u>	<u>\$1,858,457</u>

6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS -
COMPENSATED ABSENCES PAYABLE

Long-term obligations at July 1, 2015	\$30,188
Additions	14,282
Deletions	(9,477)
Adjustments ¹	<u>2,859</u>
Long-term obligations at June 30, 2016	<u>\$37,852</u>

LINCOLN PARISH CLERK OF COURT

Ruston, Louisiana

Notes to the Financial Statements (Continued)

¹As discussed in note 1G, upon separation from employment, employees are paid for accumulated leave at their current rate of pay. The adjustment is for the purpose of adjusting amounts for annual leave resulting from the differences between beginning and ending rates of pay and adjustment for prior year miscalculation for maximum liability.

7. LITIGATION AND CLAIMS

At June 30, 2016, the Lincoln Parish Clerk of Court is not involved in any lawsuits.

**8. EXPENDITURES OF THE CLERK OF COURT
PAID BY THE POLICE JURY**

The Lincoln Parish Clerk of Court's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Lincoln Parish Police Jury.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
License and permits - marriage	\$5,400	\$5,200	\$4,833	(\$367)
Intergovernmental revenues - state funds-				
Clerk's supplemental compensation	21,600	21,600	21,850	250
Fees, charges, and commissions for services:				
Court costs, fees, and charges	739,565	875,495	944,710	69,215
Fees for recording legal documents	515,000	565,000	589,709	24,709
Fees for certified copies of documents	42,000	43,000	44,603	1,603
Fees for copies	160,000	215,000	219,468	4,468
Use of money and property - interest earnings	2,500	7,300	8,456	1,156
Other revenues	5,000	150	138	(12)
Total revenues	<u>1,491,065</u>	<u>1,732,745</u>	<u>1,833,767</u>	<u>101,022</u>
EXPENDITURES				
Current:				
General government - judicial				
Personal services and related benefits	1,051,117	1,051,117	970,686	80,431
Operating services	235,200	235,200	223,140	12,060
Materials and supplies	16,700	30,000	41,253	(11,253)
Travel and other charges	69,892	69,892	55,222	14,670
Capital outlay	50,000	50,000	17,521	32,479
Total expenditures	<u>1,422,909</u>	<u>1,436,209</u>	<u>1,307,822</u>	<u>128,387</u>
EXCESS OF REVENUES OVER EXPENDITURES	68,156	296,536	525,945	229,409
FUND BALANCE AT BEGINNING OF YEAR	<u>3,630,124</u>	<u>4,324,528</u>	<u>4,324,528</u>	NONE
FUND BALANCE AT END OF YEAR	<u><u>\$3,698,280</u></u>	<u><u>\$4,621,064</u></u>	<u><u>\$4,850,473</u></u>	<u><u>\$229,409</u></u>

See accompanying note to budgetary comparison schedule.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Lincoln Parish Clerk's office during the month of June for comments from taxpayers. The budget is then legally adopted by the clerk and amended during the year, as necessary. The budget is established and controlled by the clerk at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

**Lincoln Parish Clerk of Court
Retiree Healthcare Plan
June 30, 2016**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$0	\$2,644,729	\$2,644,729	0.00%	\$584,430	452.53%
June 30, 2012	\$0	\$1,463,263	\$1,463,263	0.00%	\$582,745	251.10%
June 30, 2015	\$0	\$1,786,147	\$1,786,147	0.00%	\$609,652	292.98%

Note:

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) require that the schedule present information from the last three actuarial valuations.

Lincoln Parish Clerk of Court
Schedule of Employer's Share of Net Pension Liability
June 30, 2016

Actuarial Valuation Date	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.595384%	\$803,091	\$537,786	149.33%	79.34%
June 30, 2015	0.594992%	\$892,507	\$542,703	164.46%	78.13%

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

**Lincoln Parish Clerk of Court
Schedule of Employer Contributions
June 30, 2016**

Actuarial Valuation Date	Contractually Required Contribution	Contributions in Relations to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2014	\$102,179	\$102,179	\$0	\$537,786	19.00%
June 30, 2015	\$103,114	\$103,114	\$0	\$542,703	19.00%

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

OTHER SUPPLEMENTARY INFORMATION

PART III

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2016

LINDA COOK, CLERK OF COURT

PURPOSE	AMOUNT
Salary	\$108,033
Expense Allowance	12,993
Clerks' Supplemental	21,900
Election expense	2,100
Benefits-insurance	14,738
Benefits-retirement	38,948
Benefits-deferred compensation	600
Medicare	2,072
Per diem	1,420
Vehicle provided by government (W-2)	3,000
Continuing education	1,450
Housing and lodging	2,974
Membership - other	100
Membership dues-Clerk's Association	2,709
Total	\$213,037

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 2016

FIDUCIARY FUND TYPE - AGENCY FUNDS

ADVANCE DEPOSIT FUND

The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, accounts for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

REGISTRY OF COURT FUND

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, accounts for funds which have been ordered by the court to be held until judgement has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the court.

NON SUPPORT FUND

The Non Support Fund accounts funds which have been received from the Louisiana Department of Social Services after judgement has been rendered in court litigation. The funds are disbursed to the appropriate bodies and others.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Year Ended June 30, 2016

	<u>ADVANCE DEPOSIT FUND</u>	<u>REGISTRY OF COURT FUND</u>	<u>NON SUPPORT FUND</u>	<u>TOTAL</u>
UNSETTLED DEPOSITS AT BEGINNING OF YEAR	<u>\$933,342</u>	<u>\$1,392,992</u>	<u>\$105</u>	<u>\$2,326,439</u>
ADDITIONS				
State - Non support			27,781	27,781
Deposits - suits and successions	610,802	69,706		680,508
Interest earned on investments		1,428		1,428
Total additions	<u>610,802</u>	<u>71,134</u>	<u>27,781</u>	<u>709,717</u>
Total	<u>1,544,144</u>	<u>1,464,126</u>	<u>27,886</u>	<u>3,036,156</u>
REDUCTIONS				
Clerk's costs to General Fund	345,778	4,767	22,958	373,503
Deposits settled to:				
Settlements to litigants	88,960	614,271		703,231
Appraisers, curators, and keepers	3,752			3,752
Stenographer's fees	6,390			6,390
Sheriff's fees	39,513		4,823	44,336
Other fees	1,102			1,102
Other reductions	45,385			45,385
Total reductions	<u>530,880</u>	<u>619,038</u>	<u>27,781</u>	<u>1,177,699</u>
UNSETTLED DEPOSITS AT END OF YEAR	<u>\$1,013,264</u>	<u>\$845,088</u>	<u>\$105</u>	<u>\$1,858,457</u>

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART IV**

**Independent Auditor's Report Required
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**Independent Auditors Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance *Government Auditing Standards***

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

I have audited the basic financial statements of the Lincoln Parish Clerk of Court, a component unit of the Lincoln Parish Police Jury, as of and for the year ended June 30, 2016 and have issued my report thereon dated November 7, 2016. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Lincoln Parish Clerk of Court's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lincoln Parish Clerk of Court's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lincoln Parish Clerk of Court's internal control over financial reporting.

A deficiency in internal control exist 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 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.

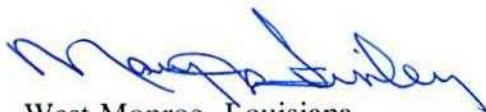
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana
Independent Auditor's Report on Compliance
And Internal Control Over Financial Reporting, etc.
June 30, 2016

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lincoln Parish Clerk of Court's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial 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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Lincoln Parish Clerk of Court, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513(G), this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana
November 7, 2016

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Lincoln Parish Clerk of Court.
2. No instances of noncompliance material to the financial statements of the Lincoln Parish Clerk of Court were disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

LINCOLN PARISH CLERK OF COURT
Ruston, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2016

There were no findings reported in the audit report for the year ended June 30, 2015.