

BEAUREGARD PARISH CLERK OF COURT, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Beauregard Parish Clerk of Court, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beauregard Parish Clerk of Court, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Beauregard Parish Clerk of Court, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Beauregard Parish Clerk of Court, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Clerk of Court, Louisiana's proportionate share of the net pension liability, schedule of the Clerk of Court, Louisiana's pension contribution, and schedule of changes in net OPEB liability and related ratios on pages 31 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head, justice system funding schedule – collecting/dispersing entity and justice system funding schedule – receiving entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head, justice system funding schedule – collecting/dispersing entity and justice system funding schedule – receiving entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022, on our consideration of the Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beauregard Parish Clerk of Court, Louisiana's 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 Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
September 27, 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash	\$ 1,577,831
Receivables:	
Accounts receivable	11,619
Due from advance deposit fund	5,820
Capital assets, net	440,673
Total assets	\$ 2,035,943
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid insurance	\$ 27,935
Pension	404,390
Other post employment benefits	431,931
Total deferred outflows of resources	\$ 864,256
Total assets and deferred outflows of resources	\$ 2,900,199
LIABILITIES	
Accounts payable	\$ 9,756
Payroll withholdings payable	12
Long term liabilities:	
Net other post-employment benefits liability	1,907,714
Net pension liability	894,595
Total liabilities	\$ 2,812,077
DEFERRED INFLOWS OF RESOURCES	
Pension	\$ 415,197
Other post employment benefits	932,988
Total deferred inflows of resources	\$ 1,348,185
Total liabilities and deferred inflows of resources	\$ 4,160,262
NET POSITION	
Net investment in capital assets	\$ 440,673
Unrestricted	(1,700,736)
Total net position	\$ (1,260,063)
Total liabilities, deferred inflows of resources and net position	\$ 2,900,199

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2022

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position
	Expenses	Fees, Charges and Commissions for Services	Capital Grants and Contributions	Governmental Activities
Program Activities				
Governmental activities:				
Judiciary	\$ 1,892,900	\$ 1,755,414	\$ 174,795	\$ 37,309
General revenues:				
Investment earnings				\$ 4,971
Nonemployer pension revenue				80,911
Total general revenues				\$ 85,882
Change in net position				\$ 123,191
Net position at beginning of year				(1,383,254)
Net position at end of year				\$ (1,260,063)

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2022

ASSETS	<u>General Fund</u>
Assets:	
Cash	\$ 1,577,831
Receivables:	
Accounts receivable	11,619
Due from advance deposit fund	5,820
Total assets	<u>\$ 1,595,270</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows:	
Prepaid insurance	<u>\$ 27,935</u>
Total assets and deferred outflows of resources	<u><u>\$ 1,623,205</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 9,756
Payroll withholdings payable	12
Total liabilities	<u>\$ 9,768</u>
Fund Balances:	
Unassigned	\$ 1,585,502
Nonspendable	
Not in spendable form	27,935
Total fund balances	<u>\$ 1,613,437</u>
Total liabilities and fund balances	<u><u>\$ 1,623,205</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2022

Total fund balance - total governmental funds	\$	1,613,437
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets		440,673
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows		404,390
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows		(415,197)
Post-employment benefit related changes in post-employment benefit liability that are only reported in the Statement of Net Position as deferred outflows		431,931
Post-employment benefit related changes in post-employment benefit liability that are only reported in the Statement of Net Position as deferred inflows		(932,988)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Other post-employment benefits	\$	(1,907,714)
Net pension liability		(894,595)
		<u>(2,802,309)</u>
Net position of governmental activities	\$	<u><u>(1,260,063)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund
Revenues	
Intergovernmental:	
Local grants	\$ 174,795
Recordings	735,145
Cancellations	2,935
Mortgage certificates	4,170
Marriage licenses	8,002
Birth certificates	14,170
Notary fees	4,027
Election fees	17,985
Fees on suits and successions	517,800
Court attendance	6,620
Certified copies	228,354
Criminal court and traffic court fees	62,278
Qualifying fees	3,295
UCC certificates and filing	64,746
Investment income	4,971
Clerk's supplemental pay	24,600
Clerk's remote access fees	23,337
Child support fees	14,611
Portal fees	23,339
	23,339
Total revenues	\$ 1,935,180
Expenditures	
Judiciary:	
Personal services	\$ 881,458
Personal service related benefits	653,724
Travel and professional development	7,781
Operating services	102,118
Supplies	119,831
Capital outlay	215,020
	215,020
Total expenditures	\$ 1,979,932
Net change in fund balance	\$ (44,752)
Fund balances at beginning of year	1,658,189
Fund balances at end of year	\$ 1,613,437

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$ (44,752)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(45,629)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	215,020
Governmental funds do not report net change in other postemployment benefits (OPEB) obligations. However this obligation does appear in the Statement of Activities since the payable is reported on the Statement of Net Position.	(50,692)
Pension expense is based on employer contributions in the government funds, but is an actuarially calculated expense on the Statement of Activities.	<u>49,244</u>
Change in net position of governmental activities	<u><u>\$ 123,191</u></u>

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position
June 30, 2022

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 840,562	\$ 427,097	\$ 1,267,659
Accounts receivable	7,164	-	7,164
Total assets	<u>\$ 847,726</u>	<u>\$ 427,097</u>	<u>\$ 1,274,823</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 1,397	\$ -	\$ 1,397
Due to general fund	5,820	-	5,820
Held for others pending court action	840,509	427,097	1,267,606
Total liabilities	<u>\$ 847,726</u>	<u>\$ 427,097</u>	<u>\$ 1,274,823</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2022

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and successions	\$ 954,972	\$ 1,109,077	\$ 2,064,049
Child support	17,348	-	17,348
Interest income	18	441	459
Miscellaneous	43	-	43
	<u>972,381</u>	<u>1,109,518</u>	<u>2,081,899</u>
Total additions	<u>\$ 972,381</u>	<u>\$ 1,109,518</u>	<u>\$ 2,081,899</u>
DEDUCTIONS:			
Clerk's cost (paid to general fund)	\$ 511,808	\$ -	\$ 511,808
Settlements to litigants	183,538	1,086,639	1,270,177
Sheriff's fees	92,088	-	92,088
Attorneys, curators, notary	18,114	-	18,114
Judges' supplement fund	27,795	-	27,795
Secretary of State fees	5,950	-	5,950
Judicial expense	15,240	-	15,240
Police Jury fees	5,100	-	5,100
Child support fees	17,348	-	17,348
Court reporter	2,098	-	2,098
Commissioner of Insurance	295	-	295
Louisiana Judicial College	509	-	509
Appeals fees	1,348	-	1,348
	<u>881,231</u>	<u>1,086,639</u>	<u>1,967,870</u>
Total deductions	<u>\$ 881,231</u>	<u>\$ 1,086,639</u>	<u>\$ 1,967,870</u>
Change in liabilities	\$ 91,150	\$ 22,879	\$ 114,029
Liabilities at beginning of year	<u>756,576</u>	<u>404,218</u>	<u>1,160,794</u>
Liabilities at end of year	<u>\$ 847,726</u>	<u>\$ 427,097</u>	<u>\$ 1,274,823</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Beauregard Parish Clerk of Court, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. 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.

B. Reporting Entity

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Beauregard Parish Police Jury. The police jury maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture of the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the police jury, the Clerk of Court was determined to be a component unit of the Beauregard 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 financial reporting entity.

C. Fund Accounting

The Clerk uses funds to maintain his financial records during the year. Fund accounting is designated to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all or most of the Clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they are paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Clerk of Court. The following is the Clerk's governmental fund:

General Fund – the primary operating fund of the Clerk and it accounts for all financial resources, except for those in another fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Clerk policy.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk are custodial funds. The custodial funds account for assets held by the Clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the custodial funds have no measurement focus, but use the modified accrual basis of accounting.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. 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 is then reconciled, through adjustment, to a government-wide view of Clerk operations.

The amounts reflected in the General Fund 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:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Advance deposits and Registry of Court funds are considered measurable when collected by the Clerk of Court.

Expenditures

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

The Clerk of Court has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these columns reflects 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*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Clerk users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk's general fund.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets

The Clerk uses the following budget practices:

The Clerk’s proposed budget for the 2021-2022 fiscal year was made available for public inspection at the Clerk’s office on or before June 15, 2021. The proposed budget was prepared on the modified accrual basis of accounting and was published in the official journal before the public hearing. The budget hearing was held at the Clerk’s office on or before June 15, 2021. The budget was legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Formal budget integration is not employed as a management control device.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2022.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 1,704,000	\$ 1,977,000	\$ 1,979,932	\$ 2,932

F. Cash and Cash Equivalents

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

Under state law, the Clerk of Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Prepaid Items

Prepaid items consist of insurance premiums paid in advance for terms extending into the subsequent year.

I. 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 \$5,000 or more for capitalizing capital assets.

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

Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years

J. Vacation, Sick Leave and Holidays

After employed for a period of six months, employees will be entitled to one-week vacation with pay; after twelve months, two weeks with pay.

Sick leave policy depends upon the circumstances involved. If sick, employees will be paid for a reasonable period of absence.

Legal holidays are established by law. At the present time the Clerk has a total of approximately sixteen holidays observed by his office.

As of June 30, 2022 no vacation or sick leave had been accumulated or was vested by employees.

K. Fund Equity

In the fund financial statements, 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.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Clerk of Court, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

N. Fund Balance

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. As for the Beauregard Parish Clerk of Court, Louisiana, the nonspendable fund balance consist of prepaid amounts of insurance premiums.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks’ of Court Retirement and Relief Fund and additions to/deductions from the Louisiana Clerks’ of Court

Retirement and Relief Fund’s fiduciary net position have been determined on the same basis as they are reported by the Louisiana Clerks’ of Court Retirement and Relief Fund. 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.

Financial reporting information pertaining to the Clerk’s participation in the Louisiana Clerks’ of Court Retirement and Relief Fund is prepared in accordance with Governmental Accounting Standards Board “GASB” Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the Clerk for the fiscal year ended June 30, 2022.

P. Recently Issued Accounting Pronouncement

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, “Accounting and Financial Reporting for Post-employment Benefits other than Pensions.” GASB Statement No. 75 replaces the requirements of Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions.” GASB Statement No. 75 improves accounting and financial reporting by state and local governments for post-employment benefits other than pensions.

In January 2017, the Governmental Accounting Standards Board (GASB) approved Statement No. 84, “Fiduciary Activities.” GASB Statement No. 84 establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. GASB No. 84 replaces *agency funds* with *custodial funds*, which generally are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of GASB Statement No. 84 must be implemented by the Clerk for periods beginning after December 15, 2018, with earlier application encouraged. The effect of implementation of this statement on the Clerk’s financial statements has not yet been determined.

2. CASH AND CASH EQUIVALENTS

At June 30, 2022, the Clerk of Court has cash and cash equivalents (book balances) totaling \$2,426,502 as follows:

Money market accounts	\$	172,960
NOW accounts		837,991
Time deposits		663,222
Demand deposits		675,712
Petty cash		1,000
PayPal account		75,617
Total	\$	<u>2,426,502</u>

The cash and cash equivalents of the Beauregard Parish Clerk of Court, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. 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 that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Clerk’s name.

At June 30, 2022, the Clerk of Court has \$2,495,826 in deposits (collected bank balances). These deposits are secured from risk by \$1,000,000 of federal deposit insurance and \$1,495,826 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the Clerk and deposits are therefore properly collateralized.

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

3. RECEIVABLES

The receivables of \$18,783 at June 30, 2022, are as follows:

Class of receivable	General Fund	Advance Deposit Fund	Total
Charges for services	\$ 11,619	\$ 7,164	\$ 18,783

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, for the Clerk of Court is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets being depreciated				
Furniture and fixtures	\$ 78,602	\$ -	\$ -	\$ 78,602
Machinery and equipment	813,885	215,020	-	1,028,905
Improvements	5,716	-	-	5,716
Total capital assets being depreciated	\$ 898,203	\$ 215,020	\$ -	\$ 1,113,223
Less accumulated depreciation for:				
Furniture and fixtures	\$ 61,599	\$ 2,757	\$ -	\$ 64,356
Machinery and equipment	564,250	42,586	-	606,836
Improvements	1,072	286	-	1,358
Total accumulated depreciation	\$ 626,921	\$ 45,629	\$ -	\$ 672,550
Total capital assets being depreciated, net	\$ 271,282	\$ 169,391	\$ -	\$ 440,673

Depreciation expense of \$45,629 for the year ended June 30, 2022, was charged to the following governmental functions:

Judiciary	\$ 45,629
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5. ACCOUNTS PAYABLE

The payables of \$9,768 at June 30, 2022, are as follows:

	General Fund
Accounts payable	\$ 9,756
Payroll taxes	12
Total	\$ 9,768

6. PREPAID EXPENSES

The prepaid expenses of \$27,935 at June 30, 2022 are as follows:

	General Fund
Prepaid health insurance	\$ 27,935

7. **PENSION PLANS**

Plan Description – Substantially all employees of the Beauregard 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 prepared 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.

Basis of Accounting

The Louisiana Clerks' of Court Retirement and Relief Fund's employer schedules are 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 members' earnable compensation is attributed to the employer for which the member is employed as of June 30, 2021.

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.

Pension Amount Netting

The deferred outflows and deferred inflows of resources attributable to differences between projected and actual earnings on pension plan investments recorded in different years are netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows are not presented on a net basis.

PLAN DESCRIPTION:

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

Retirement Benefits

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more, and terminating employment. Regular retirement benefits, payable monthly for life, equal 3 1/3% of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of

Notes to the Financial Statements (Continued)

the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retired on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age sixty with an accrual rate of 3% for all members hired on or after January 1, 2011.

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

Disability Benefits

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

- 1) A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, 2 1/2% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
- 2) A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to 3% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

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

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

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

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

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

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

Survivor Benefits

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic Option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of

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

Deferred Retirement Option Plan

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

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

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

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

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide a cost-of-living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of \$40 per month. The Louisiana statutes allow the Board to grant an additional cost-of-living increase to all retirees and beneficiaries over age sixty-five equal to 2% of the benefit paid on October 1, 1977, or the member's retirement date if later.

In order to grant any cost-of-living increase, the Fund must meet criteria as detailed in the Louisiana statutes related to funding status.

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

The System issues an annual, publicly available, financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 111745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

Funding Policy- Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Beauregard Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 22.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Beauregard Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Beauregard Parish Clerk of Court's contributions to the System for the years ending June 30, 2022, 2021, and 2020, were \$161,775, \$142,543, and \$125,504, respectively, equal to the required contributions for each year.

In accordance with state statute, the Fund receives ad valorem taxes, insurance premium 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. Non-employer contributions recognized as revenue for the year ended June 30, 2021 were \$80,911.

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

At June 30, 2022, the Clerk reported a liability of \$894,595 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating clerks, actuarially determined. At June 30, 2021 the Clerk's proportion was .672507%, which was an increase of .006331% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Clerk recognized pension expense of \$193,442. At June 30, 2022, the Clerk recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,940	\$ 15,010
Changes of assumptions	193,130	-
Net difference between projected and actual earnings on pension plan investments	-	395,691
Changes in employer's proportion of beginning net pension liability	8,491	115
Differences in proportion and differences between Clerk contributions and proportionate share of contributions	16,054	4,381
Clerk contributions subsequent to the measurement date	161,775	-
Total	<u>\$ 404,390</u>	<u>\$ 415,197</u>

The \$161,775 reported as deferred outflows of resources related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

<u>Year ended June 30:</u>	
2023	\$ 17,137
2024	(6,762)
2025	(43,799)
2026	(139,158)
Thereafter	-
Total	<u>\$ (172,582)</u>

Actuarial Methods and Assumptions

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

The components of the net pension liability of the Clerk as of June 30, 2021 are as follows:

	<u>June 30, 2021</u>
Total pension liability	\$ 6,129,311
Plan fiduciary net position	(5,234,716)
Clerk's net pension liability	<u>\$ 894,595</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.55%, net of investment expense
Projected Salary Increases	1-5 years of service – 6.20% 5 years or more – 5.00%
Inflation Rate	2.40%
Mortality Rates	Pub-2010 Public Retirement Plans multiplied by 120%. Mortality Table with full generational projection using the appropriate MP-2019 improvement scale.
Expected Remaining Service Lives	2021 – 5 years 2020 – 5 years 2019 – 5 years 2018 – 5 years 2017 – 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Notes to the Financial Statements (Continued)

The actuarial assumptions used are based on the assumptions used in the 2021 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2014 – June 30, 2019 unless otherwise specified. In cases where benefit structures were changes after the experience study period, assumptions were based on future experiences.

The mortality rate assumption used was verified by combining data from this plan with two other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2014 through June 30, 2019. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The mortality was then projected forward to a period equivalent to the estimated duration of the Fund’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return was 6.02% for the year ended June 30, 2021. Best estimates of geometric real rates of return for each major asset class included in the Fund’s target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income:		
Domestic Bonds	25.00%	2.50%
International Bonds	0.00%	3.50%
Domestic Equity	38.00%	7.50%
International Equity	22.00%	8.50%
Real Estate	15.00%	4.50%
	100.00%	

The discount rate used to measure the total pension liability was 6.55%. 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 the Board of Trustees and the Public Retirement System’s Actuarial Committee (PR SAC), taking into consideration the recommendation of the Fund’s actuary. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Clerk calculated using the discount rate of 6.55%, 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 5.55%, or one percentage point higher 7.55% than the current rate as of June 30, 2021:

	Changes in Discount Rate:		
	1.00% Decrease 5.55%	Current Discount Rate 6.55%	1.00% Increase 7.55%
Net Pension Liability	\$ 1,576,916	\$ 894,595	\$ 319,851

State of Louisiana, Public Employees Deferred Compensation Plan

The Clerk of Court offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, \$20 per month, and contribute up to 100% of taxable compensation, not to exceed \$19,500 and \$20,500 per calendar years for 2021 and 2022 respectively. Additionally if age 50 or older an additional amount may be deferred (up to \$6,500 and \$6,500 per calendar years 2021 and 2022 respectively) above the annual deferral limit.

A special “catch up” provision may be used to invest up to \$41,000 per year for three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease, or stop deferrals any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investment options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The administrative fee is .85% and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the option chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

- Periodic payment
- Payments over your lifetime
- Payments for a specific time or amount
- Joint and survivor benefits
- Lump-sum payment
- Any combination of the above options

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway Suite 702; Baton Rouge, LA 70808; (800) 937-7604 or (225) 926-8086.

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

Certain operating expenditures of the Clerk’s office are paid by the parish police jury and are not included in the accompanying financial statements.

9. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exists due to revenues received by the fiduciary fund that has yet to be transferred to the General Fund.

	General Fund	Advance Deposit Fund
Due to	\$ -	\$ 5,820
Due from	5,820	-
Total	<u>\$ 5,820</u>	<u>\$ 5,820</u>

10. POST-EMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The Beauregard Parish Clerk of Court (the Clerk) provides certain continuing health care and life insurance benefits for its retired employees. The Beauregard Parish Clerk of Court’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Clerk. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Clerk. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions – Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria – Defined Benefit*.

Benefits Provided – 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: Attainment of age 55 and 25 years of service; or, attainment of age 60 and 12 years of service; employees hired on and after January 1, 2011 are not able to retire or enter DROP until age 60 without actuarial reduction in benefits.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70.

Employees covered by benefit terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	18
	<u>21</u>

Total OPEB Liability

The Clerk’s total OPEB liability of \$1,907,714 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2022 actuarial valuation as determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.00% annually
Salary increases	3.00% including inflation
Prior discount rate	2.16%
Discount rate	3.54%
Healthcare cost trend rates	5.50% annually until year 2030, then 4.50%
Mortality	SOA RP-2014 Table

The discount rate was based on the average of the Bond Buyers’ 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2022.

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 2,291,243</u>
Changes for the year:	
Service cost	\$ 75,190
Interest	50,303
Changes in assumptions/inputs	(439,345)
Differences between expected and actual experience	(55,877)
Benefit payments and net transfers	<u>(13,800)</u>
Net changes	<u>\$ (383,529)</u>
Balance at June 30, 2022	<u>\$ 1,907,714</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Clerk, as well as what the Clerk’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	<u>1.00% Decrease 2.54%</u>	<u>Current Discount Rate 3.54%</u>	<u>1.00% Increase 4.54%</u>
Total OPEB liability	<u>\$ 2,228,111</u>	<u>\$ 1,907,714</u>	<u>\$ 1,653,682</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Clerk, as well as what the Clerk’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current healthcare trend rates:

	<u>1.00% Decrease 4.50%</u>	<u>Current Trend 5.50%</u>	<u>1.00% Increase 6.50%</u>
Total OPEB liability	<u>\$ 1,725,176</u>	<u>\$ 1,907,714</u>	<u>\$ 2,135,673</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the Clerk recognized OPEB expense of \$64,492 at June 30, 2022, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 54,961	\$ 556,407
Changes in assumptions	376,970	376,581
Total	<u>\$ 431,931</u>	<u>\$ 932,988</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ (61,001)
2024	(61,001)
2025	(61,001)
2026	(61,001)
2027	(61,001)
Thereafter	<u>(196,052)</u>

11. LONG –TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the ended June 30, 2022:

	Other Postemployment Benefits	Net Pension Liability	Total
Long-term obligations at beginning of year	\$ 2,291,243	\$ 1,602,730	\$ 3,893,973
Additions (subtractions) and other adjustments	(369,729)	(546,360)	(916,089)
Payments and other adjustments	<u>(13,800)</u>	<u>(161,775)</u>	<u>(175,575)</u>
Long-term obligations at end of year	<u>\$ 1,907,714</u>	<u>\$ 894,595</u>	<u>\$ 2,802,309</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2022:

	Other Postemployment Benefits	Net Pension Liability	Total
Current portion	\$ -	\$ -	\$ -
Long-term portion	<u>1,907,714</u>	<u>894,595</u>	<u>2,802,309</u>
Total	<u>\$ 1,907,714</u>	<u>\$ 894,595</u>	<u>\$ 2,802,309</u>

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over/(under)
	Original	Final		
Revenues				
Intergovernmental:				
Local grants	\$ -	\$ 175,000	\$ 174,795	\$ (205)
Recordings	803,000	741,000	735,145	(5,855)
Cancellations	280	280	2,935	2,655
Mortgage certificates	3,000	4,000	4,170	170
Marriage licenses	7,000	8,000	8,002	2
Birth certificates	13,000	14,000	14,170	170
Notary fees	7,000	4,000	4,027	27
Election fees	22,000	16,000	17,985	1,985
Fees on suits and successions	488,000	515,000	517,800	2,800
Court attendance	6,000	7,000	6,620	(380)
Certified copies	269,000	230,000	228,354	(1,646)
Criminal court and traffic court fees	53,000	60,000	62,278	2,278
Qualifying fees	6,000	4,000	3,295	(705)
UCC certificates and filings	57,000	65,000	64,746	(254)
Investment income	420	1,460	4,971	3,511
Clerks supplemental pay	29,000	25,000	24,600	(400)
Clerks' remote access fees	22,000	24,000	23,337	(663)
Child support fees	13,000	10,000	14,611	4,611
Portal fees	25,000	24,000	23,339	(661)
Total revenues	<u>\$ 1,823,700</u>	<u>\$ 1,927,740</u>	<u>\$ 1,935,180</u>	<u>\$ 7,440</u>
Expenditures				
Judiciary:				
Personal services	\$ 824,000	\$ 882,000	\$ 881,458	\$ 542
Personal service related benefits	602,000	649,000	653,724	(4,724)
Travel and professional development	2,000	9,000	7,781	1,219
Operating services	91,000	102,000	102,118	(118)
Supplies	185,000	120,000	119,831	169
Capital outlay	-	215,000	215,020	(20)
Total expenditures	<u>\$ 1,704,000</u>	<u>\$ 1,977,000</u>	<u>\$ 1,979,932</u>	<u>\$ (2,932)</u>
Net change in fund balance	\$ 119,700	\$ (49,260)	\$ (44,752)	\$ 4,508
Fund balances at beginning of year	<u>1,660,829</u>	<u>1,658,189</u>	<u>1,658,189</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,780,529</u>	<u>\$ 1,608,929</u>	<u>\$ 1,613,437</u>	<u>\$ 4,508</u>

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability					
Service cost	\$ 61,245	\$ 36,869	\$ 36,307	\$ 73,000	\$ 75,190
Interest	72,816	75,363	61,213	45,232	50,303
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(2,041)	(498,890)	(279,371)	76,945	(55,877)
Changes of assumptions	-	-	481,099	106,796	(439,345)
Benefit payments	(16,439)	(17,343)	(19,840)	(20,931)	(13,800)
Net change in total OPEB liability	<u>\$ 115,581</u>	<u>\$ (404,001)</u>	<u>\$ 279,408</u>	<u>\$ 281,042</u>	<u>\$ (383,529)</u>
Total OPEB liability - beginning	<u>\$ 2,019,213</u>	<u>\$ 2,134,794</u>	<u>\$ 1,730,793</u>	<u>\$ 2,010,201</u>	<u>\$ 2,291,243</u>
Total OPEB liability - ending	<u><u>\$ 2,134,794</u></u>	<u><u>\$ 1,730,793</u></u>	<u><u>\$ 2,010,201</u></u>	<u><u>\$ 2,291,243</u></u>	<u><u>\$ 1,907,714</u></u>
Covered-employee payroll	\$ 603,989	\$ 622,109	\$ 661,029	\$ 680,860	\$ 738,029
Net OPEB liability as a percentage of covered-employee payroll	353.45%	278.21%	304.10%	336.52%	258.49%

Notes to Schedule:

<i>Benefit Changes</i>	None	None	None	None	None
<i>Changes of Assumptions:</i>					
Discount rate	3.50%	3.50%	2.21%	2.16%	3.54%
Mortality	RP-2000	RP-2000	RP-2014	RP-2014	RP-2014
Trend	5.50%	5.50%	Variable	Variable	Variable

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

Schedule of the Clerk's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022

	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Louisiana Clerk's of Court Retirement and Relief Fund					
Clerk's proportion of the net pension liability (asset)	.603261%	.625488%	.638797%	.658985%	.644233%
Clerk's proportionate share of the net pension liability (asset)	\$ 813,716	\$ 938,252	\$ 1,181,758	\$ 997,001	\$ 1,071,553
Clerk's covered-employee payroll	\$ 565,879	\$ 583,059	\$ 595,445	\$ 596,151	\$ 637,534
Clerk's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	143.80%	160.92%	198.47%	167.24%	168.08%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	78.13%	74.17%	79.69%	79.07%

(Continued)

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

Schedule of the Clerk's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2022

Louisiana Clerk's of Court Retirement and Relief Fund	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Clerk's proportion of the net pension liability (asset)	.655671%	.666176%	.672507%
Clerk's proportionate share of the net pension liability (asset)	\$ 1,190,693	\$ 1,602,730	\$ 894,595
Clerk's covered-employee payroll	\$ 660,549	\$ 678,774	\$ 727,080
Clerk's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	180.26%	236.12%	123.04%
Plan fiduciary net position as a percentage of the total pension liability	77.93%	72.09%	85.40%

(Concluded)

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

Schedule of the Clerk's Pension Contributions
For the Year Ended June 30, 2022

Louisiana Clerk's of Court Retirement and Relief Fund	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>
Contractually required contribution	\$ 107,517	\$ 110,781	\$ 113,134	\$ 113,269	\$ 121,131
Contributions in relation to the contractually required contribution	<u>107,517</u>	<u>110,781</u>	<u>113,134</u>	<u>113,269</u>	<u>121,131</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Clerk's covered-payroll	\$ 565,879	\$ 583,059	\$ 595,445	\$ 596,151	\$ 637,534
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	19.00%	19.00%	19.00%

(Continued)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Clerk's Pension Contributions
For the Year Ended June 30, 2022

Louisiana Clerk's of Court Retirement and Relief Fund	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 125,504	\$ 142,543	\$ 161,775
Contributions in relation to the contractually required contribution	<u>125,504</u>	<u>142,543</u>	<u>161,775</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Clerk's covered-payroll	\$ 660,549	\$ 678,774	\$ 727,080
Contributions as a percentage of covered-employee payroll	19.00%	21.00%	22.25%

(Concluded)

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year Ended June 30, 2022

Agency Head Name - Brian Lestage, Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 148,229
Clerk supplemental compensation	-
Expense allowance	-
Benefits - insurance	22,799
Benefits - retirement	12,229
Deferred compensation	13,195
Benefits - other	-
Car allowance	22,200
Vehicle provided by government	-
Cell phone	1,873
Dues	2,223
Vehicle rental	-
Per diem (Education for certification requirements)	-
Reimbursements	-
Travel	-
Registration fees (Education for certification requirements)	1,275
Conference travel (Education for certification requirements)	1,138
Housing	-
Unvouchered expenses	-
Special meals	-
Other (Custodian fee)	2,100

Justice System Funding Schedule -
Collecting/Disbursing Entity
For the Year Ended June 30, 2022

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
Beginning balance of amounts collected (cash on hand)	\$ 754,779	\$ 802,122
Collections:		
Civil fees	\$ 477,707	\$ 477,255
State of Louisiana child support fees	2,516	9,201
Subtotal collections	\$ 480,223	\$ 486,456
Disbursements to governments & nonprofits:		
Local Sheriff fees	\$ 33,568	\$ 24,886
Other Sheriff fees	20,391	14,706
Louisiana Judicial College	254	255
Judges' Supplemental fund	14,113	13,683
Curator fees	12,585	5,490
Court reporter	1,658	440
Judicial expense fund	7,730	7,510
Secretary of State	3,500	2,450
Commissioner of Insurance	135	160
Beauregard Parish Police Jury	-	5,100
Beauregard Parish Sheriff, child support fees	60	608
Other fees	1,102	692
Other Sheriff, child support fees	-	576
Amounts Retained by Collection Agency:		
Beauregard Parish Clerk of Court salary fund	\$ 252,093	\$ 264,002
Beauregard Parish Clerk of Court child support fees	2,456	7,868
Disbursements to individuals/3rd party collection processing agencies:		
Civil fee refunds	\$ 83,235	\$ 99,875
Subtotal disbursements/retainage	\$ 432,880	\$ 448,301
Ending balance of amounts collected but not disbursed/retained (cash on hand)	\$ 802,122	\$ 840,277
Ending balance of "partial payments" collected but not disbursed	N/A	N/A

Justice System Funding Schedule -
 Receiving Entity
 For the Year Ended June 30, 2022

	First Six Month Period Ended 12/31/2021	Second Six Month Period Ended 6/30/2022
	<u> </u>	<u> </u>
Receipts from:		
Beauregard Parish Sheriff's Office, court costs	\$ 27,206	\$ 34,729
	<u> </u>	<u> </u>
Subtotal receipts	\$ 27,206	\$ 34,729
	<u> </u>	<u> </u>
Ending balance of amounts assessed but not received	\$ -	\$ -
	<u> </u>	<u> </u>

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended June 30, 2022

There were no prior year audit findings as of June 30, 2021.

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2022

There were no current year audit findings as of June 30, 2022.

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements, and have issued our report thereon dated September 27, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature of Jerome A. Windham, CPA in black ink.

DeRidder, Louisiana
September 27, 2022

Windham & Reed, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Beauregard Parish Clerk of Court, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures obtained and address the functions listed.

Board or Finance Committee – Not Applicable

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
No exceptions noted.
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
No exceptions noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted to the listed procedures.

- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Examined two random deposit dates for each account, no exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For

missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

Debt Service – Not Applicable

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Not applicable.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;

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- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
September 27, 2022