

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana
Financial Report
For the Year Ended June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of June 30, 2017, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 40, Schedule of Funding Progress of OPEB Plan on page 41, the Schedule of Clerk's Pension Proportionate Share of Net Pension Liability on page 42, and the Schedule of Calcasieu Parish Clerk's Contribution on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Calcasieu Parish Clerk of Court has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calcasieu Parish Clerk of Court's basic financials statements. The other supplementary information on pages 45 through 47 is presented for purposes of additional analysis and is not required part of the basic financial statements.

The combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2017, on our consideration of the Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contract, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

Joyce, Miller & Co., P.C.

Lake Charles, LA
December 28, 2017

BASIC FINANCIALS STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 2,990,338
Receivables	189,645
Due from fiduciary funds	5,035
Prepays	13,750
Capital assets, net	<u>426,283</u>
Total assets	3,625,051
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>2,497,928</u>
Total assets and deferred outflows of resources	<u><u>\$ 6,122,979</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 259,253
Due to fiduciary funds	20,995
Long-term liabilities:	
Due within one year	
Compensated absences	144,864
Due after one year	
Compensated absences	231,631
Net OPEB obligation	5,287,299
Net pension liability	<u>6,922,579</u>
Total liabilities	12,866,621
DEFERRED INFLOWS OF RESOURCES	
Pension related	255,604
NET POSITION	
Invested in capital assets	426,283
Unrestricted	<u>(7,425,529)</u>
Total net position	<u>(6,999,246)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 6,122,979</u></u>

The accompanying notes are an integral part of the basic financial statements.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
		Fees and Charges for Services	Operating Grants	<u>Governmental Activities</u>
Governmental activities:				
Judicial	\$ 7,582,574	\$ 7,720,579	\$ -	\$ 138,005
Total Governmental Activities	<u>\$ 7,582,574</u>	<u>\$ 7,720,579</u>	<u>\$ -</u>	138,005
General revenues:				
				22,750
				176
				3,499
				<u>26,425</u>
				164,430
				<u>(7,163,676)</u>
				<u>\$ (6,999,246)</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2017

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 2,990,338
Receivables	189,645
Due from agency funds	5,035
Prepays	<u>13,750</u>
Total assets	<u>\$ 3,198,768</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 259,252
Due to agency funds	<u>20,995</u>
Total liabilities	280,247
FUND BALANCE	
Unassigned	<u>2,918,521</u>
Total liabilities and fund balance	<u>\$ 3,198,768</u>

The accompanying notes are an integral part of the basic financial statements.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

June 30, 2017

Total fund balance for governmental funds at June 30, 2017		\$ 2,918,521
Total net position reported for governmental activities in the Statement of Net Position is different due to the following:		
Certain long-term assets are not reported in the fund financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position.		
Deferred outflows - pension related		2,497,928
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Capital assets, net of \$2,022,483 accumulated depreciation		426,283
Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:		
Compensated absences payable	\$ (376,495)	
Net OPEB Obligation payable	(5,287,299)	
Net pension liability	(6,922,579)	
Deferred inflows- pension related	(255,604)	(12,841,977)
Total net position of governmental activities at June 30, 2017		<u>\$ (6,999,246)</u>

The accompanying notes are an integral part of the basic financial statements.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

For the Year Ended June 30, 2017

	<u>General Fund</u>
REVENUES	
Fees and charges for services:	
Fees for recording legal documents	\$ 2,700,605
Fees for certified copies of documents	502,492
Court costs, fees, and charges	3,992,590
Remote internet access	175,224
Passports	122,554
Mortgage certificates	31,269
Birth certificates	142,618
Licenses and permits	53,227
	<u>7,720,579</u>
Clerk's supplemental compensation	22,750
Interest	3,499
Miscellaneous Income	176
Total revenues	<u>7,747,004</u>
EXPENDITURES	
Current:	
Judicial:	
Personal services	3,683,469
Employee benefits	2,190,095
Operating services	1,131,296
Travel and professional development	11,651
Supplies	201,094
Capital outlay	45,235
Total expenditures	<u>7,262,840</u>
EXCESS OF REVENUES OVER EXPENDITURES	484,164
FUND BALANCE AT BEGINNING OF YEAR	<u>2,434,357</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,918,521</u></u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

For the Year Ended June 30, 2017

Total net changes in fund balances at June 30, 2017 per
Statement of Revenues, Expenditures and Changes in Fund Balance \$ 484,164

The change in net position reported for governmental activities in the
Statement of Activities is different due to the following:

Revenues that are not available to pay current obligations are not reported
in the fund financial statements, but they are presented as revenues in the
statement of activities.

Non-employer contributions to cost-sharing pension plan 392,517

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement
of Revenues, Expenditures and Changes in Fund Balance 45,235
Depreciation expense for the year ended June 30, 2017 (43,311)
1,924

Government funds do not report changes in long term liabilities as
expenditures. However, the following changes in long-term liabilities
do appear in the Statement of Activities since the liabilities are reported
on the Statement of Net Position

Change in compensated absences 39,442
Change in other post retirement benefits (124,129)
Pension contribution subsequent to the measurement date 645,370
Correction to prior year pension (196,160)
Pension expense (1,078,698)
(714,175)

Government funds do not report the change in compensated absences payable
as expenditures. However, this expense is reported in the Statement of Activities.

Total changes in net position at June 30, 2017 per Statement of Activities \$ 164,430
The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2017

ASSETS

Cash and cash equivalents	\$ 10,451,244
Due from general fund	<u>20,955</u>
Total assets	<u>\$ 10,472,199</u>

LIABILITIES

Due to general fund	\$ 5,035
Due to others	<u>10,467,164</u>
Total liabilities	<u>\$ 10,472,199</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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.

These financial statements present the Calcasieu Parish Clerk of Court (“Clerk of Court”) as the primary government. As defined by GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Clerk of Court is legally separate and fiscally independent, the Clerk of Court is a separate governmental reporting entity. The Police Jury maintains and operates the parish courthouse in which the Clerk of Court’s office is located. These transactions between the Clerk of Court and the Police Jury are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

As an independent elected official, the Clerk of Court is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

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.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court 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.

Government - Wide Financial Statements (“GWFS”)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court, except fiduciary funds. Information contained in these statements 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). Fiduciary funds are reported only in the Statement of Fiduciary Assets at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF PRESENTATION - (continued)

particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the Clerk of Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (“FFS”)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund is at least 10 percent of the corresponding total for all funds of that category or type.

The Clerk of Court’s current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Clerk of Court are described as follows:

Governmental Fund Types

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

Fiduciary Fund Type- Agency Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk of Court are agency funds. The agency funds account for assets held by the Clerk of Court 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 agency funds have no measurement focus, but use the accrual basis of accounting. The following agency funds are utilized by the Clerk of Court:

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Jury Fund - account is to pay jurors who report for Petit and Civil Jury

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (“FFS”)

The amounts reflected in the governmental fund financial statements 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 the Clerk of Court’s operations.

The amounts reflected in the governmental fund financial statements, 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 of Court 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 government-wide financial statements are accounted for using an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded in the period in which they are earned.

Expenditures

Expenditures are recorded in the period in which the goods and services are received.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - (continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

Government-Wide Financial Statements (“GWFS”)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court. 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*. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court’s governmental activities. Direct expenses are those that are specially associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues reduce the cost of the function to be financed from the Clerk of Court’s general revenues.

D. BUDGET PRACTICES

The Clerk of Court uses the following mandated requirements for budget practices:

1. A proposed budget is prepared and submitted to the Clerk of Court.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. CASH AND INTEREST-BEARING DEPOSITS

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

F. BAD DEBTS

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with GAAP, no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2017.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for 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 as follows:

Furniture and equipment for 3 to 10 years
Legal document library costs for 40 years

H. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources is reported as liabilities in the governmental-wide statements. The long-term liabilities consists of compensated absences payable, pension liability and other post-retirement benefits.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

I. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to deferred comp time, vacation and sick leave:

All full time employees of the Clerk of Court's office earn vacation leave at a rate of 2 to 5 weeks each year, depending upon their length of service. Vacation must be used in the year after it is earned. Sick leave is earned at a rate of one to one and one-half days per month, depending upon length of service. Sick leave may be carried forward from year to year. When employees retire they receive a maximum of thirty days compensation for sick days. The Clerk of Court also offers employees the option of pay for overtime worked or deferred comp time which can be taken at a later date. Employees can begin accruing deferred comp time on Jan 1 of each year thru June 30. The deferred comp time cannot be carried from one calendar year to the next and must be taken by August 31 each year. Between hours 35-40 employees earn regular deferred comp time. After 40 hours deferred comp time is earned as time and one-half. No more than 70 hours can be accrued as deferred comp time in a calendar year per employee.

The cost of leave privileges is recognized as current year expenditure in the general fund when the leave is actually taken. The cost of leave privileges not requiring current resources is reflected in the government-wide financial statements.

At June 30, 2017, employees of the Clerk of Court's office have accumulated \$376,495 in leave privileges; \$144,864 in current liabilities and \$231,631 in long-term liabilities.

J. EQUITY CLASSIFICATIONS

For government-wide statements, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position-This amount has constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position- All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

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.

In the fund financial statements, governmental fund equity is classified as fund balance. The Clerk of Court adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

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

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk of Court is the highest level of decision-making authority for the Clerk of Court's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Clerk of Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Clerk of Court's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Clerk of Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk of Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk of Court has provided otherwise in his commitment or assignment actions.

As of June 30, 2017, the Clerk of Court had Unassigned fund balance of \$2,918,521.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

L. INTERFUND TRANSACTIONS

Interfund transactions are reflected as services provided, reimbursements or transfers. Any residual balances outstanding between the governmental activities and the fiduciary funds are reported in the government-wide financial statements as "Due to or from fiduciary funds". Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or fiduciary funds are netted as part of the reconciliation to the government-wide presentation.

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. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

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. GASBS 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.

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." GASB Statement No. 75 replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions." GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 must be implemented by the Clerk for the year ending June 30, 2018. The effect of implementation of this statement on the Clerk's financial statements has not yet been determined.

2. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

2. CASH AND INTEREST-BEARING DEPOSITS - (continued)

At June 30, 2017, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$13,441,582 as follows:

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 1,901,718	\$ 10,051,244	\$ 11,952,962
Saving deposits	302,901	-	302,901
Time deposits	779,784	400,000	1,179,784
Cash on hand	5,935	-	5,935
	<u>\$ 2,990,338</u>	<u>\$ 10,451,244</u>	<u>\$ 13,441,582</u>

The cash equivalents and investments of the Clerk of Court are subject to the following risks:

Custodial credit risk: For deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal 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.

The following is a summary of deposit balances (bank balances) at June 30, 2017, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 13,856,391</u>
Federal insurance	\$ 750,000
Pledged securities	<u>13,652,649</u>
Total federal insurance and pledged securities	<u>\$ 14,402,649</u>

As of June 30, 2017, the Clerk of Court's total bank balances were fully insured and collateralized with securities held in the name of the Clerk of Court by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Interest Rate Risk: The Clerk of Court's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Clerk of Court's certificates of deposit comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Clerk of Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

3. RECEIVABLES

The receivables balance as of June 30, 2017 was \$189,645, which consists of charges for services.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, is as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Governmental Activities:				
Furniture and equipment	\$ 1,947,673	\$ 45,235	\$ -	\$ 1,992,908
Legal document library	455,858	-	-	455,858
	<u>2,403,531</u>	<u>45,235</u>	<u>-</u>	<u>2,448,766</u>
Less accumulated depreciation				
Furniture and equipment	\$ 1,894,736	\$ 31,547	\$ -	\$ 1,926,283
Legal document library	84,436	11,764	-	96,200
	<u>1,979,172</u>	<u>43,311</u>	<u>-</u>	<u>2,022,483</u>
Capital assets, net	<u>\$ 424,359</u>	<u>\$ 1,924</u>	<u>\$ -</u>	<u>\$ 426,283</u>

Depreciation expense of \$43,311 was charged to the general government function.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	<u>General Fund</u>
Accounts payable	\$ 219,522
Payroll liabilities	39,731
	<u>\$ 259,253</u>

6. OPERATING LEASE COMMITMENT

The Clerk of Court is currently leasing a warehouse building and equipment, which are considered operating leases. The lease terms range from 36 to 60 months. These leases require a total monthly payment ranging from \$8,153 to \$12,974. Total rent expense under these leases for the year ended June 30, 2017 was \$91,468.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

6. OPERATING LEASE COMMITMENT - (continued)

Future minimum operating lease commitments are as follows:

Year Ending June 30,	
2018	\$ 118,516
2019	91,319
2020	85,062
2021	21,117
2022	1,070
Total	<u>\$ 317,084</u>

7. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2017 is as follows.

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017	Due within One Year
Governmental activities:					
Compensated absences	\$ 269,853	\$ 229,786	\$ (268,008)	\$ 231,631	\$ 144,864
Net OPEB	5,163,170	124,129	-	5,287,299	-
Net pension liability	5,635,566	2,535,949	(1,248,936)	6,922,579	-
	<u>\$ 11,068,589</u>	<u>\$ 2,889,864</u>	<u>\$ (1,516,944)</u>	<u>\$ 12,441,509</u>	<u>\$ 144,864</u>

8. PENSION PLAN

Substantially all employees of the 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.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225)293-1162.

The Clerk of Court's office implemented GASB Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Clerk of Court's office to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN - (continued)

Plan description:

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

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

Retirement benefits:

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

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

Disability benefits:

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

- 1) A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five

Calcasieu Parish Clerk of Court
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Notes to the Financial Statements

8. PENSION PLAN – (continued)

Disability benefits - (continued):

dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.

2) A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

The following is effective for any disabled 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 disabled 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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Survivor benefits - (continued):

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.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Cost of living adjustments:

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later.

In 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.

Employer contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 19.00%.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense.

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 19.00% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk of Court are established and may be amended by state statute. As provided by R.S. 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 Clerk of Court's contributions to the system for the years ended June 30, 2017, 2016, and 2015, were \$918,505, \$899,779, and \$915,005, respectively, equal to the required contributions for each year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions.

At June 30, 2017, the Clerk of Court reported a liability of \$6,922,579 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions - (continued):

determined. At June 30, 2016, the Clerk of Court's proportion was 3.741987%, which was an increase of 0.014978% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk of Court recognized pension expense of \$1,078,698. The Clerk of Court recognized revenue of \$392,517 as its proportionate share of non-employer contributions for the year ended June 30, 2017.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,646	\$ 235,628
Change of assumptions	426,347	
Net difference between projected and actual earnings on pension plan investment	1,208,331	-
Change in proportion and differences between Employer contributions and proportionate share of contribution	147,234	19,976
Employer contributions subsequent to the measurement date	645,370	-
Total	\$ 2,497,928	\$ 255,604

The Clerk of Court reported a total of \$645,370 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016 which will be recognized as a reduction in net pension liability in the year ended June 30, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,

2018	\$ 373,671
2019	373,671
2020	547,104
2021	302,508
	\$ 1,596,954

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Actuarial assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	5 years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected salary increases	5.00%
Mortality	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
Change in Valuation Methods and Assumptions	The valuation interest rate was lowered from 7.25% to 7.0% for the year ended June 30, 2016.

Mortality rate

The mortality rate assumption used was verified by combining data from this plan with three 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, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Actuarial assumptions – (continued):

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 7.20%, for the year ended June 30, 2016.

The 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, 2015 is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income:		
Core fixed income	5.00%	1.00%
Core plus fixed income	15.00%	1.50%
Domestic Equity:		
Large cap domestic equity	21.00%	4.25%
Non-large cap domestic equity	7.00%	4.00%
International Equity:		
Large cap international equity	15.50%	5.25%
Small cap international equity	5.00%	5.00%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.00%	6.50%
Hedge Funds	10.00%	3.50%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund’s actuary. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

8. PENSION PLAN – (continued)

Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.0%, 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 6.0% or one percentage point higher 8.0% than the current rate.

	Changes in Discount Rate:		
	2016		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 9,850,701	\$ 6,922,579	\$ 4,437,192

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The Clerk of Court provides certain healthcare and life insurance benefits for retired employees. Substantially all of the Clerk of Court's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by employees and the Clerk of Court. The Clerk of Court recognizes the cost of providing these benefits as expenditures when the monthly premiums are due.

The GASB has issued Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which changes the accounting for post-employment benefits (e.g., payments made by the Clerk of Court for retiree insurance). As required, management has implemented the new standard for the year ending June 30, 2010.

The plan is required to have an Actuarial evaluation every three years. Some information furnished below is from the most current actuarial evaluation done December 6, 2016.

For the fiscal year ending June 30, 2017, the Clerk of Court's portion of health care funding cost for retired employees totaled \$289,411. These amounts were applied toward the Net OPEB Benefit Obligations as shown on the following page.

Annual Required Contribution ("ARC"): the Clerk of Court's ARC is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Liability (UAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB43/45) has been used for the post-employment benefits. The total ARC for the fiscal year ending June 30, 2017 is \$413,540 for post-employment benefits, as set forth below.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS - (continued)

The table below also shows the Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2017 of, \$5,287,299.

OPEB Cost	
Annual Required Contribution	\$ 504,064
ARC Adjustment	(271,235)
Year 3 assumption of annual cost	-
Interest Adjustment to Net OPEB Obligation	180,711
OPEB Cost	413,540
Contributions Made	(289,411)
Increase in Net OPEB Obligation	124,129
Net OPEB Obligation - beginning of year	5,163,170
Net OPEB Obligation - end of year	\$ 5,287,299

The Clerk of Court's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 1,254,689	20.73%	\$ 5,058,652
6/30/2016	\$ 415,372	74.84%	\$ 5,163,170
6/30/2017	\$ 413,540	69.98%	\$ 5,287,299

Funded Status and Funding Progress: During fiscal year 2017, the Clerk of Court did not establish a fund for trusts to accumulate and invest assets necessary to pay for the accumulated liability; these financial statements assume the pay-as-you-go funding will continue. Since no contributions were made, the Clerk of Court's entire actuarial accrued liability of \$5,645,899 as of June 30, 2017 was unfunded.

The funded status of the plan, as determined by an actuary as of July 1, 2015 was as follows:

Actuarial Valuation Date	7/1/2015
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	5,645,899
Funded Ratio	0%
Annualized Covered Payroll	3,185,900
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	177.2%
Actuarial Cost Method	Entry-Age Normal

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS - (continued)

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 Clerk of Court's actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 3.5% investment rate of return. The CCRRF retirement and withdrawal (turnover) tables were used and they were adjusted to produce an average number of retirements and turnover that is consistent with the Clerk of Court's recent experience. The RP-2000 Combined Healthy Mortality Table was used in making actuarial assumptions which is consistent with the CCRRF pension plan valuation. The valuation assumes an 11.8% healthcare cost trend increase (including 4.3% dental) for fiscal year 2015-2016 reduced by varying increments in each subsequent year.

10. DEFERRED COMPENSATION PLAN

The Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. The plan, available to all Clerk of Court's employees, permits the employees to defer a portion of their salary until future years. The Clerk of Court matches 50% of employee contributions. The Clerk of Court's contribution to the plan amounted to \$142,466 for the year ended June 30, 2017.

Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

11. RISK MANAGEMENT

The Clerk of Court is exposed to risks of loss in the areas of auto liability, professional liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

12. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits for the year ended June 30, 2017 follows:

	Unsettled Deposits at Beginning of Year	Additions	Reductions	Unsettled Deposits at End of Year
Agency Funds				
Advance Deposit	\$ 6,661,716	\$ 6,344,554	\$6,111,531	\$ 6,894,739
Registry of Court	3,353,065	741,132	619,369	3,474,828
Other Fiduciary Funds	104,997	60,284	62,649	102,632
Totals	<u>\$ 10,119,778</u>	<u>\$ 7,145,970</u>	<u>\$6,793,549</u>	<u>\$ 10,472,199</u>

13. EXPENDITURES PAID BY OR TO THE CALCASIEU PARISH POLICE JURY

The Clerk of Court's office is located in the Calcasieu Parish Courthouse. The Police Jury pays the upkeep and maintenance of the courthouse. These expenditures are not reflected in the accompanying financial statements.

Expenditures related to judge's secretary fees and telephone expense totaling \$116,398 were paid to the Police Jury as of June 30, 2017.

14. COMMITMENTS

At year end, the Clerk of Court had no commitments outstanding.

15. LITIGATION AND CLAIMS

The Clerk of Court's office is not involved in any material matters of pending or threatened litigation as of June 30, 2017.

16. SUBSEQUENT EVENTS

The Clerk of Court evaluated its June 30, 2017 financial statements for subsequent events through December 28, 2017, the date the financial statements were available to be issued. The Clerk of Court is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2017

	GENERAL FUND			
	BUDGET		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Fees and charges for services:				
Fees for recording legal documents	\$ 2,562,587	\$ 2,734,538	\$ 2,700,605	\$ (33,933)
Fees for certified copies of documents	431,468	502,933	502,492	(441)
Court costs, fees, and charges	4,004,774	3,992,566	3,992,590	24
Remote internet access	176,217	175,224	175,224	-
Passports	117,370	122,554	122,554	-
Mortgage certificates	30,259	31,269	31,269	-
Birth Certificates	55,260	142,618	142,618	-
Licenses and permits	60,000	53,227	53,227	-
Clerk's supplemental compensation	22,200	22,750	22,750	-
Interest	1,000	1,558	3,499	1,941
Miscellaneous income	-	156,752	176	(156,576)
Total revenues	<u>7,461,135</u>	<u>7,935,989</u>	<u>7,747,004</u>	<u>(188,985)</u>
EXPENDITURES				
General Government-Judicial				
Personal services	3,712,230	3,683,469	3,683,469	-
Employee benefits	2,334,891	2,299,897	2,190,095	109,802
Operating services	936,442	1,114,080	1,131,296	(17,216)
Travel and professional development	11,982	11,651	11,651	-
Supplies	304,472	208,707	201,094	7,613
Capital outlay	100,000	16,503	45,235	(28,732)
Total expenditures	<u>7,400,017</u>	<u>7,334,307</u>	<u>7,262,840</u>	<u>71,467</u>
EXCESS OF REVENUES OVER EXPENDITURES	61,118	601,682	484,164	(117,518)
FUND BALANCE AT BEGINNING OF YEAR OF YEAR	<u>2,434,357</u>	<u>2,434,357</u>	<u>2,434,357</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 2,495,475</u></u>	<u><u>\$ 3,036,039</u></u>	<u><u>\$ 2,918,521</u></u>	<u><u>\$ (117,518)</u></u>

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF FUNDING PROGRESS OF OPEB PLAN

For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL ((UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
7/1/2009	\$ -	\$9,017,612	\$9,017,612	0%	\$3,168,688	284.6%
7/1/2012	\$ -	\$13,271,153	\$13,271,153	0%	\$2,997,852	442.7%
7/1/2015	\$ -	\$5,645,899	\$5,645,899	0%	\$3,185,900	177.2%

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2017

<u>Year Ended</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered employee payroll</u>	<u>Share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2015	3.63505%	\$ 4,903,196	\$ 2,997,852	163.56%	79.37%
June 30, 2016	3.75697%	\$ 5,635,566	\$ 3,185,900	187.99%	78.13%
June 30, 2017	3.74199%	\$ 6,922,579	\$ 3,245,861	213.27%	74.17%

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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE CLERK OF COURT'S CONTRIBUTION
For the Year Ended June 30, 2017

Year Ended	Contractually required contribution	Contributions in relation to contractual required contribution	Contribution deficiency (excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
June 30, 2015	\$ 569,592	\$ 654,845	\$ 85,253	\$ 2,997,852	19.00000%
June 30, 2016	\$ 605,321	649,585	\$ 44,264	3,185,900	19.00000%
June 30, 2017	\$ 616,714	645,370	\$ 28,656	3,245,861	19.00000%

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

Other Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2017

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ASSETS				
Cash and cash equivalents	\$ 6,873,784	\$ 3,474,828	\$ 102,632	\$ 10,451,244
Due from general fund	20,955	-	-	20,955
 Total assets	 <u>\$ 6,894,739</u>	 <u>\$ 3,474,828</u>	 <u>\$ 102,632</u>	 <u>\$ 10,472,199</u>
LIABILITIES				
Due to general fund	\$ 5,035	\$ -	\$ -	\$ 5,035
Due to others	6,889,704	3,474,828	102,632	10,467,164
 Total liabilities	 <u>\$ 6,894,739</u>	 <u>\$ 3,474,828</u>	 <u>\$ 102,632</u>	 <u>\$ 10,472,199</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended June 30, 2017

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ADDITIONS				
Deposits:				
Suits and successions	\$ 6,342,797	\$ -	\$ 60,254	\$ 6,403,051
Judgments	-	739,534	-	739,534
Interest	1,757	1,598	30	3,385
Total additions	6,344,554	741,132	60,284	7,145,970
DEDUCTIONS				
Distributed to litigants	1,113,416	619,369	-	1,732,785
Clerk's costs	3,751,075	-	22,907	3,773,982
Sheriff's fees	556,511	-	5,458	561,969
Women's shelter fees	-	-	9,738	9,738
Other deductions	690,529	-	24,546	715,075
Total deductions	6,111,531	619,369	62,649	6,793,549
NET CHANGE	233,023	121,763	(2,365)	352,421
Balances at beginning of year	6,661,716	3,353,065	104,997	10,119,778
Balances at end of year	<u>\$ 6,894,739</u>	<u>\$ 3,474,828</u>	<u>\$ 102,632</u>	<u>\$ 10,472,199</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2017

Agency Head Name: Lynn Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 173,214
Benefits-insurance	10,246
Benefits-retirement	47,186
Benefits- deferred compensation	6,000
Benefits- election custodian	2,185
Vehicle provided by government	23,904
Communication/ Technology	2,763
Per diem	350
Travel	803
Registration fees	1,100
Conference travel	350
Special meals	52
Other	494
	<u>\$ 268,647</u>

The accompanying notes are an integral part of this financial statement.



Langley, Williams & Company, L.L.C.

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ALEXIS H. O'NEAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Calcasieu Parish Clerk of Court
Lake Charles, 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 Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calcasieu Parish Clerk of Court's internal control over financial reporting 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 Calcasieu Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calcasieu Parish Clerk of Court'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 may exist that have not been identified.

Compliance and Other Matters

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



Langley, Williams & Co., LLC
Lake Charles, Louisiana
December 28, 2017

CALCASIEU PARISH CLERK OF COURT
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

2. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2017.

There were no findings identified during the fiscal year ended June 30, 2017.

3. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2016.

There were no findings identified during the fiscal year ended June 30, 2016.

Calcasieu Parish Clerk of Court
 Lake Charles, Louisiana
 Summary Schedule of Current and Prior Year Audit
 Findings and Responses
 For the Year Ended June 30, 2017 and 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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Current year (06/30/17)

Internal Control:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.

Prior year (06/30/16)

Internal Control:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.

SECTION III - MANAGEMENT LETTER

No separate management letter was issued.



Langley, Williams & Company, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have performed the procedures enumerated below, which were agreed to by Calcasieu Parish Clerk of Court (CPCC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - 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**, including receiving, recording, and preparing deposits
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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, and (5) monitoring card usage
- 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We obtained a copy of the Entity's written policies and procedures and tested them for the above items.

Exceptions: The written policies and procedures did not address budgeting, purchasing, contracting and credit cards. Debt service was also not addressed but it is not applicable.

Management's response: The written policies and procedures are in the process of being updated to address budgeting, purchasing, contracting and credit cards.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Not applicable.

Bank Reconciliations

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

We obtained a list of bank accounts from our bank confirmations and management's representation that the list was complete.

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

- a) Bank reconciliations have been prepared;

There were no exceptions noted as a result of applying these procedures.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception: Bank reconciliations do not include evidence that a member of management (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

Management's response: Due to the limited size of staff, all members of management are involved in transactions associated with the bank accounts at certain levels. Management believes that there are adequate compensating control activities over these transactions and the reconciliation of bank accounts.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Exception: There was no written documentation indicating any research regarding reconciling items that have been outstanding for more than six months, except for the Advance Deposit bank account.

Management's response: Management is in the process of updating their written policies and procedures to include the researching of reconciling items outstanding more than six months.

Collections

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

We obtained a listing of cash collection locations and management's representation that the list was complete.

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

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

Each person responsible for collecting cash is not responsible for depositing the cash in bank, recording the related transaction, or reconciling the related bank account and is not required to share the same cash register or drawer with another employee

Exception: Staff members responsible for collecting cash are not bonded.

Management's response: Due to the cash drawer limit and the daily reconciliation procedures performed for each cash location, management does not feel that bonding is necessary as the cost would not justify the benefit.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Entity has a formal process to reconcile cash collection to the general ledger and subsidiary ledgers, by revenue source and agency fund additions, by a person who is not responsible for cash collections in the cash collections locations selected.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

There were no exceptions noted as a result of applying these procedures.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Entity has a process specifically defined to determine completeness of all collections, including electronic transfers for each revenue source and agency fund additions by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management’s representation that the listing or general ledger population is complete.

We obtained a listing of disbursements and management’s representation that the list was complete.

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

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

Exception: There is no purchase order system in place for items other than Information Technology (IT) purchases.

Management’s response: The most significant purchases made by management are in the IT department. Other control activities over the approval of other purchases is deemed adequate by management. Management is evaluating purchase order systems at this time to determine the cost/benefit relationship to implement such a system for all acquisitions.

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

As it related to IT purchases, there were no exceptions as a result of applying this procedure.

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

Exceptions: Four of the twenty-five payments for purchases were approved by an individual who was not authorized to approve invoices. For one of the twenty-five payments the invoices could not be located. One of the twenty-five invoices was not approved.

Management's response: The list of individuals authorized to approve invoices will be updated no less than every six months. Updated policy includes a procedure to insure the retention of all vendor invoices and that all invoices are properly approved for payment.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: The individual responsible for processing payments is allowed to add vendors to the system.

Management's response: The individual reconciling the bank account is not the same individual responsible for processing payments and adding vendors to the system, which management believes is an adequate control activity.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

There were no exceptions noted as a result of applying this procedure.

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

Exceptions: Two of the five checking accounts did not restrict access to the supply of unused checks by persons with signatory authority.

Management's response: The individual reconciling the bank account is not the same individual responsible for processing payments and adding vendors to the system, which management believes is an adequate control activity.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

There were no exceptions noted as a result of applying this procedure.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the list was complete.

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

There are only four credit cards utilized by the entity, so all four cards were selected for testing.

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

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

All twelve monthly statements for all four cards were obtained noting evidence that the statements and supporting documentation were reviewed and approved by someone other than the authorized cardholder.

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

All twelve monthly statements for all four cards were obtained noting no evidence that finance charges or late fees were assessed on the statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
There were no exceptions noted as a result of applying this procedure.
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
There were no exceptions noted as a result of applying this procedure.
- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
There were no exceptions noted as a result of applying this procedure.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions noted as a result of applying this procedure.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There was one exception noted in which a personal purchase in the amount of \$129.71 was made on a credit card in error. Since we tested 100% of all credit card charges, this appeared to be an isolated instance. The amount was immediately repaid when the error was detected by the normal control activities in place.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all travel and expense reimbursements by person and management's representation that the listing was complete.

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

There were no exceptions noted as a result of applying this procedure.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid

expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Each expense was reimbursed or prepaid in accordance with written policy.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There were no exceptions noted as a result of applying this procedure.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There were no exceptions noted as a result of applying this procedure.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no exceptions noted as a result of applying this procedure.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained a listing of all contracts in effect during the fiscal period and management's representation that the list is complete.

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

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

There were formal/written contracts supporting the service arrangement and the amount paid.

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

The Entity complied with all legal requirements.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not applicable.

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

None of the contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

We obtained a listing of employees with their related salaries and management’s representation that the listing was complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

There were no exceptions noted as a result of applying this procedure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

We reviewed the changes to the hourly pay rates/salaries which were approved in writing by the Clerk. There is no written policy regarding changes in hourly pay rates or salaries.

Management's response: Written policy and procedures are in the process of being updated.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted as a result of this procedure.

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

Two of the fifty time cards (two weekly time cards within each pay period) inspected did not have written evidence of supervisory approval.

Management's response: Management has reminded all supervisors of their responsibilities over time card approval as a key control activity.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There were no exceptions noted as a result of applying this procedure.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

We obtained the list of those employees that were terminated and management's representation that the list was complete.

Written approval for one of the two employees terminated was not evidenced in writing.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There were two payroll tax payments during the period that were submitted to the applicable agency after the required deadlines. One payment was two days late and the other payment was six days late.

Management's response: Management has reminded the responsible party of the importance that these remittances to the respective taxing authorities be made timely in accordance with the respective due date schedules dictated by the respective taxing authorities.

Ethics (excluding nonprofits)

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

There were no exceptions notes as a result of applying this procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has asserted that they have not received any allegations of ethics violations during the fiscal period.

Debt Service (excluding nonprofits)

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

Not applicable.

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

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Entity did not have any misappropriations of public funds or assets.

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

There were no exceptions noted as a result of applying this procedure.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

There were no exceptions noted as a result of applying these procedures.

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.

Langley, Williams & Co., LLP

Langley, Williams & Co. LLC
Lake Charles, Louisiana
December 22, 2017