

**WASHINGTON PARISH CLERK OF COURT  
Franklinton, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended June 30, 2017**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Annual Financial Statements  
As of and for the Year Ended June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

Honorable Johnny D. Crain, Jr.  
Washington Parish Clerk of Court  
Franklinton, Louisiana

### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington 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 Washington 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.

### Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

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

## Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-8), Budgetary Comparison Information (page 42), Schedule of Funding Progress (page 43), Schedule of Employer's Share of Net Pension Liability (page 44) and Schedule of Employer Contributions (page 45) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the Agency Head (compensation schedule), is presented for purposes of additional analysis and is not a required part of the financial statements. The compensation schedule is required by LA R.S. 24:513. The compensation schedule required by state law is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

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



Robert A. Neilson  
Certified Public Accountant  
Bogalusa, Louisiana  
December 28, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART I**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Management's Discussion and Analysis  
June 30, 2017

This discussion and analysis of the Washington Parish Clerk of Court's (Clerk) financial performance provides an overview of the Clerk's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements.

**FINANCIAL HIGHLIGHTS**

- Liabilities exceeded Assets by \$1,202,178
- Total revenues decreased \$31,204, or 2.2 percent and total expenses increased by \$58,709 or 4.1 percent.
- The general fund reported a fund balance of \$164,558, a decrease of \$22,348 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Clerk's basic financial statements. The Clerk's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances in a manner similar to private sector business. They present the financial picture of the Clerk from an economic resources measurement focus using the accrual basis of accounting.

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

The statement of activities presents information showing how the government's Net Position changed during the fiscal year using the accrual basis of accounting. All revenues and expenses are reported in this statement regardless of when cash is received or paid.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk, like other state and local governments, uses fund accounting to

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 Franklinton, Louisiana  
 Management's Discussion and Analysis  
 June 30, 2017

ensure and demonstrate compliance with finance-related legal requirements. The Clerk has two kinds of funds: 1) governmental funds and 2) agency funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund statements provide a short-term view of the Clerk's general government operations. The Clerk uses one governmental fund, the general fund, to account for its operations.

**Agency funds.** The agency funds account for assets held by the Clerk as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Clerk's Net Position at June 30, 2017 and 2016 are summarized below.

	<u>2017</u>	<u>2016</u>
<b>Assets:</b>		
Current and other assets	\$183,318	\$206,413
Capital assets (net of accumulated depreciation)	<u>88,624</u>	<u>130,541</u>
<b>Total assets</b>	<b><u>\$271,942</u></b>	<b><u>\$336,954</u></b>
Deferred Outflows of Resources	<u>\$442,005</u>	<u>\$268,692</u>
<b>Liabilities:</b>		
Current and other liabilities	\$26,157	\$28,909
Long-term liabilities	<u>1,817,711</u>	<u>1,600,817</u>
<b>Total liabilities</b>	<b><u>\$1,843,868</u></b>	<b><u>\$1,629,726</u></b>
Deferred Inflows of Resources	<u>\$72,257</u>	<u>\$90,571</u>

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	<u>2017</u>	<u>2016</u>
<b>Net Position:</b>		
Investment in capital assets, net of related debt	\$81,227	\$113,742
Unrestricted	<u>(1,283,405)</u>	<u>(1,228,393)</u>
<b>Total Net Position</b>	<b><u>\$(1,202,178)</u></b>	<b><u>\$(1,114,651)</u></b>

Net Position decreased 87,527 or 7.8 percent.

Capital assets are non-liquid assets and cannot be utilized to satisfy the Clerk's obligations.

Changes in the clerk's net position for the year's ended June 30, 2017 and 2016 are summarized below.

	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>		
Program revenues		
Fees, Fines, & Charges for Services	\$1,307,968	\$1,363,066
Capital Grants & Contributions	24,923	0
General revenues	<u>70,071</u>	<u>71,100</u>
<b>Total revenues</b>	<b><u>1,402,962</u></b>	<b><u>1,434,166</u></b>
<b>Expenses:</b>		
Personal services and related benefits	1,121,698	1,104,547
Operating services	211,225	234,963
Supplies	81,495	43,426
Other expenses	<u>76,071</u>	<u>48,845</u>
<b>Total expenses</b>	<b><u>1,490,489</u></b>	<b><u>1,431,781</u></b>
<b>Change in Net Position</b>	<b>(87,527)</b>	<b>2,385</b>
Net Position-Beginning	<u>(1,114,651)</u>	<u>(1,117,036)</u>
<b>Net Position-Ending</b>	<b><u>\$(1,202,178)</u></b>	<b><u>\$(1,114,651)</u></b>

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Fees for recording were approximately 27 of program revenues for the years ended June 30, 2017 and 2016. Fees from civil suits were approximately 43 and 42 percent of program revenues in 2017 and 2016, respectively.

Personal services and related benefits were approximately 84 percent and 81 percent of program revenues in 2017 and 2016, respectively.

**FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS**

The general government functions are reported in the general fund. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance of the general fund decreased during the year ended June 30, 2017 as a result of a decrease in overall revenue. At the end of the current year, the total fund balance of \$164,558 was unassigned. Unassigned fund balance represents approximately 12 percent of total fund expenditures.

The difference between the general fund expenditures and the expenses on the statement of activities are in the reporting of capital expenditures, depreciation, capital leases, repayment of debt and other post-employment benefits.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The budget was prepared in accordance with the provisions of the Local Government Budget Act. The budget was amended during the year.

The following are significant variations between the budget and actual amounts.

1. Actual revenues were higher than budgeted revenues by \$33,776. Revenues from recordings were over budgeted amounts by \$19,865. Revenues from miscellaneous income were over budgeted amounts by \$19,754.
2. Actual expenditures were over budgeted expenditures by \$66,124.

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Management's Discussion and Analysis  
 June 30, 2017

**CAPITAL ASSETS AND LONG-TERM DEBT**

**Capital Assets.** The following summarizes the Clerk's investment in capital assets at June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Capital assets	\$739,150	\$762,184
Less accumulated depreciation	(650,526)	(631,643)
Capital assets, net	88,624	130,541
Less related debt	(7,397)	(16,799)
<b>Investment in capital assets</b>	<b><u>\$81,227</u></b>	<b><u>\$113,742</u></b>

The clerk purchased capital assets of \$0 and \$22,158 in the years ended June 30, 2017 and 2016, respectively.

**Long-Term Debt.** The following summarizes the Clerk's capital lease obligation activity during the years ended June 30, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Beginning Balance	\$16,799	\$ 26,201
Additions	-	-
Payments	(9,402)	(9,402)
<b>Ending Balance</b>	<b><u>\$7,397</u></b>	<b><u>\$ 16,799</u></b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The annual budget is developed to provide efficient, effective and economic uses of the Clerk's resources.

In the year ended June 30, 2017, approximately 93 percent of the Clerk's revenues represented charges for services.

Revenues in 2018 are expected to increase approximately \$14,100. Expenditures in 2018 are expected to increase approximately \$24,100.

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Management's Discussion and Analysis  
June 30, 2017

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Clerk's finances and to show the Clerk's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Honorable Johnny D. Crain, Jr., Washington Parish Clerk of Court, P.O. Box 607, Franklinton, LA 70438, phone number (985) 839-4663.

**GOVERNMENT WIDE FINANCIAL STATEMENTS**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Statement of Net Position  
June 30, 2017

<b>ASSETS</b>	
Cash	\$ 153,159
Receivables	21,819
Due from other funds	6,223
Prepaid Insurance	2,117
Capital assets (net)	<u>88,624</u>
<b>Total Assets</b>	<b><u>\$ 271,942</u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
	<b><u>\$ 442,005</u></b>
 <b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	\$ 3,668
Due to other funds	3,423
Payroll Taxes Payable	2,914
Compensated Absences Payable	8,755
Capital Lease	7,397
Long Term Liabilities	
OPEB Obligation (net)	609,869
Pension Liability (net)	<u>1,207,842</u>
<b>Total Liabilities</b>	<b><u>\$ 1,843,868</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
	<b><u>\$ 72,257</u></b>
 <b>NET POSITION</b>	
Investment in capital assets, net of related debt	\$ 81,227
Unrestricted	<u>(1,283,405)</u>
<b>Total Net Position</b>	<b><u>\$ (1,202,178)</u></b>

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

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Statement of Activities  
 Year Ended June 30, 2017

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenue and Changes in Net Position</b>
<b>Governmental Activities:</b>		<b>Fees, Fines, &amp; Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Governmental Activities</b>
<b>Judicial</b>	\$ 1,490,489	\$ 1,307,968	\$ -	\$ 24,923	\$ (157,598)
<b>Total</b>	\$ 1,490,489	\$ 1,307,968	\$ -	\$ 24,923	\$ (157,598)
	<b>General Revenues</b>				
					1,585
					68,486
					70,071
					<b>(87,527)</b>
					<b>(1,114,651)</b>
					<b>\$ (1,202,178)</b>

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

## **FUND FINANCIAL STATEMENTS**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Governmental Fund-General Fund  
Balance Sheet  
June 30, 2017

<b>ASSETS</b>	
Cash	\$ 153,159
Receivables	21,819
Due from other funds	6,223
Prepaid Insurance	<u>2,117</u>
<b>Total Assets</b>	<b><u><u>\$ 183,318</u></u></b>
<b>LIABILITIES</b>	
Accounts Payable	\$ 3,668
Due to other funds	3,423
Payroll Taxes Payable	2,914
Compensated Absences Payable	<u>8,755</u>
<b>Total Liabilities</b>	<b><u><u>\$ 18,760</u></u></b>
<b>FUND BALANCE</b>	
Unassigned	\$ 164,558
<b>Total Fund Balance</b>	<b><u><u>\$ 164,558</u></u></b>

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2017

**Fund Balance- Governmental Fund** **\$ 164,558**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental fund:

Governmental Assets	739,150
Less Accumulated Depreciation	(650,526)

The deferred outflows of expenditures for the Clerk of Court's Retirement and Relief Fund are not a use of current resources, and therefore, are not reported in the fund financial statements. 442,005

Long Term Liabilities are not due and payable in the current year and therefore not reported in the governmental fund:

Capital Leases	(7,397)
OPEB Obligation	(609,869)
Pension Liability	(1,207,842)

The deferred inflows of contributions for the Clerk of Court's Retirement and Relief Fund are not available current resources, and therefore, are not reported in the fund financial statements. (72,257)

**Net Position of Governmental Activities** **\$ (1,202,178)**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Governmental Fund-General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended 6/30/2017

**Revenues**

Fees, charges, and commissions for services:

Recordings	\$ 364,865
Cancellations	23,121
Mortgage certificates	19,300
Certified copies	31,541
Court attendance	9,160
Criminal fees	46,966
Civil Suits	566,696
Elections	2,240
Notarial Fees	4,204
Marriage Licenses	7,130
Interest	1,585
Miscellaneous	<u>257,668</u>

**Total Revenues** 1,334,476

**Expenditures**

Judiciary:

Personal services	682,144
Employee Benefits	338,403
Travel	12,055
Operating Services	231,187
Supplies	81,495
Debt Service	
Principal	9,402
Interest & Other Charges	2,138
Capital Outlay	<u>-</u>

**Total Expenditures** 1,356,824

**Excess (Deficiency) of Revenues Over (Under)**  
**Expenditures** (22,348)

**Net Change in Fund Balance** **(22,348)**

**Fund Balance at Beginning of Year** 186,906

**Fund Balance at End of Year** \$ 164,558

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Statement of Activities  
Governmental Fund  
For The Year Ended June 30, 2017

**Net Changes in Governmental Fund Balance** **\$ (22,348)**

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures;  
however, in the statement of activities, the cost of those  
assets is depreciated over their estimated useful lives.

Current Year Depreciation	(41,916)
Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	9,402
OPEB expense is not reported in the governmental fund	(35,501)
Pension Expense is not reported in the governmental fund	(178,780)
Contributions made subsequent to the measurement date	113,130
Non-employer pension contributions	68,486
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (87,527)</u></b>

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Statement of Fiduciary Net Position  
June 30, 2017

	<b>Advance Deposit Fund</b>	<b>Registry of Court Fund</b>	<b>Civil Jury Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash	\$ 930,989	\$ 1,340,591	\$ 3,818	\$ 2,275,398
<b>Total Assets</b>	930,989	1,340,591	3,818	2,275,398
<b>LIABILITIES</b>				
Due to Salary Fund	758	164	60	982
Held for others pending court action	930,231	1,340,427	3,758	2,274,416
<b>Total Liabilities</b>	930,989	1,340,591	3,818	2,275,398
<b>NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Statement of Changes in Fiduciary Net Position  
Year Ended June 30, 2017

	<b>Advance Deposit Fund</b>	<b>Registry of Court Fund</b>	<b>Civil Jury Fund</b>	<b>Total</b>
<b>ADDITIONS</b>				
Suits & Successions	\$ 713,432	\$ 1,001,530	\$ -	\$ 1,714,962
Interest Income		410		410
<b>Total Additions</b>	713,432	1,001,940	-	1,715,372
<b>DEDUCTIONS</b>				
Clerk's cost (transferred to Salary Fund)	567,157			567,157
Settlements to Litigants		1,121,323		1,121,323
Sheriff's Fees	43,458			43,458
Attorneys, curator and notary	18,881			18,881
Judges' expense fund	14,355			14,355
Judges' supplemental fund	26,272			26,272
Transfers to Civil Jury Fund	-			-
Washington Parish Government	18,852			18,852
Other Reductions	24,702			24,702
<b>Total Deductions</b>	713,677	1,121,323	-	1,835,000
<b>Change in Net Position</b>	<b>(245)</b>	<b>(119,383)</b>	-	<b>(119,627)</b>
<b>Unsettled Deposits- Beginning of Year</b>	931,234	1,459,974	3,818	2,395,026
<b>Unsettled Deposits- End of Year</b>	<b>\$ 930,989</b>	<b>\$ 1,340,591</b>	<b>\$ 3,818</b>	<b>\$ 2,275,398</b>

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**INTRODUCTION**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Washington Parish 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. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**B. REPORTING ENTITY**

The clerk of court is an independently elected official. The Washington Parish Government has determined that the Clerk is not a component unit of Parish Government utilizing criteria established by GASB Statement 14.

The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the Washington Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. FUND ACCOUNTING**

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

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**C. FUND ACCOUNTING (continued)**

**Governmental Funds**

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

**General Fund**

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

**Agency Funds**

Agency funds report on changes in liabilities. The agency funds account for assets held by the clerk as an agent for litigants 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 modified accrual basis of accounting.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Fund Financial Statements(FFS)**

Governmental funds 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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief

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***D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)***

**Fund Financial Statements(FFS) (continued)**

explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Washington Parish 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 governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Fees for certified copies, cancellations, mortgage certificates, recording legal documents, and criminal fees are recorded in the year they are earned. Substantially all other revenues are recorded when received.

**Expenditures**

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

**Other Financing Sources/(Uses)**

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

**Government-Wide Financial Statements(GWFS)**

The Statement of Net Position and the Statement of Activities display information about the Clerk as a whole. These statements include all the financial activities of the Washington Parish Clerk of Court.

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***D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)***

**Government-Wide Financial Statements(GWFS) (continued)**

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

**E. BUDGETS**

The proposed budget for the year ended June 30, 2017 was made available for public inspection at the clerk's office on June 9, 2016. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 20 days prior to the public budget hearing. The budget hearing was held at the clerk's office on June 15, 2016. The budget is legally adopted and amended, as necessary, by the clerk. All appropriations lapse at year end. Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts in the accompanying financial statements includes the original and final adopted budgets.

**F. CASH AND CASH EQUIVALENTS**

**Deposits**

Under state law, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under state law and national banks having their principal offices in Louisiana. In accordance with Louisiana Statutes, the Clerk maintains deposits at those depository banks authorized by the Clerk. All such depositories are members of the Federal Reserve System.

**G. INTERFUND ACTIVITIES**

The Clerk of Court transfers interest earned on deposits of the Agency Funds to the General Fund to be utilized by the General Fund in its operations. In those cases where the physical transfer of assets has not taken place as of year end, or where repayment is expected, these amounts are accounted for through the various due to and due from accounts.

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**H. CAPITAL ASSETS**

Capital assets are capitalized at historical cost. The clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position. 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Equipment under capital lease	5-8 years
Building improvements	25 years
Furniture, fixtures, and equipment	5-20 years
Vehicles	5 years

**I. COMPENSATED ABSENCES**

The clerk of court has the following policy relating to vacation and sick leave:

Employees receive annual vacation days on July 1st of each year, depending upon length of service. All employees are allowed to carry over 5 unused annual days per year. Upon resignation or termination, employees are paid for up to 5 days of unused vacation time.

After completing one year of service employees receive up to 10 days of sick leave on July 1st of each year. Earned but unused sick leave has not been accrued as a liability because no payments will be made at resignation or termination of employment.

**J. FUND EQUITY**

Beginning with the fiscal year ending June 30, 2011, the Clerk implemented GASB Statement 54, *Fund Balance Reporting and Governmental fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

*Nonspendable* – amounts that are not in a spendable form (such as inventory or prepaid expenses) or are required to be maintained intact;

*Restricted* – amounts that can be spent only for specific purposes because

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**J. FUND EQUITY (continued)**

of constitutional provisions or enabling legislation or because of constraints that are 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. The Clerk is the highest level of decision-making authority for the Clerk's Office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Clerk.

*Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the Clerk;

*Unassigned* – amounts that are available for any purpose.

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the Parish Treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office. At June 30, 2017, there was no amount due the parish treasurer as this was not the last year of the clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

**K. 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.

**L. GASB 68**

The Louisiana Clerks' of Court Retirement and Relief Fund prepared its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures.

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**L. GASB 68 (continued)**

It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

**2. CASH**

At June 30, 2017, the Washington Parish Clerk of Court has cash (book balances) totaling \$2,403,624 as follows:

Checking accounts	\$2,913
Interest bearing demand deposits	1,956,106
Time deposits	<u>444,605</u>
Total	<u>\$2,403,624</u>

These deposits are stated at cost, which approximates market. Louisiana law requires deposits over the FDIC insured limit to be secured by collateral whereby the fiscal agent bank is required to deposit and maintain with an unaffiliated bank securities deemed to be under the control and in the possession of the depositing authority (the public entity) and deemed to be held in its name.

At June 30, 2017 the clerk has \$2,499,472 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance and pledged securities. The fiscal agent bank, Resource Bank, has placed securities in FNBB, an unaffiliated bank, in the name of the Washington Parish Clerk of Court.

**3. RECEIVABLES**

The receivables of \$21,819 at June 30, 2017, consist of various fees and charges for services rendered.

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**4. CAPITAL ASSETS**

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

	<u>Equipment Under Capital Lease</u>	<u>Building Improvements</u>	<u>Furniture &amp; Equipment</u>	<u>Total</u>
<b>Capital Assets:</b>				
Balance June 30, 2016	\$47,012	\$212,564	\$502,608	\$762,184
Additions				
Dispositions			(7,784)	(7,784)
Reclassifications			(15,250)	(15,250)
<b>Balance June 30, 2017</b>	<b><u>\$47,012</u></b>	<b><u>\$212,564</u></b>	<b><u>\$479,574</u></b>	<b><u>\$739,150</u></b>
<b>Less Accumulated Depreciation:</b>				
Balance June 30, 2016	\$30,664	\$139,958	\$461,021	\$631,643
Additions	9,403	8,502	24,011	41,916
Dispositions			(7,783)	(7,783)
Reclassifications			(15,250)	(15,250)
<b>Balance June 30, 2017</b>	<b><u>\$40,067</u></b>	<b><u>\$148,460</u></b>	<b><u>\$461,999</u></b>	<b><u>\$650,526</u></b>
<b>Capital Assets, Net at June 30, 2017</b>	<b><u>\$6,945</u></b>	<b><u>\$ 64,104</u></b>	<b><u>\$17,575</u></b>	<b><u>\$88,624</u></b>

**5. PENSION PLAN**

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

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

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**5. PENSION PLAN (continued)**

PLAN DESCRIPTION: (continued)

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  $3\frac{1}{3}$  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.

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**5. PENSION PLAN (*continued*)**

PLAN DESCRIPTION: (*continued*)

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

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

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

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**5. PENSION PLAN (*continued*)**

DISABILITY BENEFITS: (*continued*)

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

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

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

SURVIVOR BENEFITS:

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

DEFERRED RETIREMENT OPTION PLAN:

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to

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**5. PENSION PLAN (continued)**

DEFERRED RETIREMENT OPTION PLAN: *(continued)*

participate in the Deferred Retirement Option Plan (DROP) for up to thirty-six months and defer the receipt of benefits. During the year ended June 30, 2007 participants had to have

been an active contributing member for one full year before becoming eligible for DROP. 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. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

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

**COST OF LIVING ADJUSTMENTS:**

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and

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**5. PENSION PLAN (continued)**

COST OF LIVING ADJUSTMENTS (continued)

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 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%.

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

SCHEDULE OF EMPLOYER ALLOCATIONS:

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required employer contributions are used to determine the proportionate relationship of each employer to all employers of Louisiana Clerks' of Court Retirement and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2016 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2016.

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**5. PENSION PLAN (continued)**

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS:

At June 30, 2017 the Clerk reported a liability of \$1,207,842 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability as determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Clerk's proportion was 0.65290%, which was an decrease of 0.02645% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$178,780. At June 30, 2017, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$12,326	\$41,112
Change of assumptions	74,388	0
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	33,769	31,145
Net differences between projected and actual earnings on plan investments	208,392	0
Contributions subsequent to the measurement date	<u>113,130</u>	<u>0</u>
Total	<u>\$442,005</u>	<u>\$72,257</u>

Deferred outflows of resources of \$113,130 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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**5. PENSION PLAN (continued)**

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: (continued)

Year Ended June 30,

2017	\$68,908
2018	\$68,908
2019	\$68,908
2020	<u>\$49,832</u>
	<u>\$256,556</u>

**SCHEDULE OF PENSION AMOUNTS BY EMPLOYER:**

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

**ACTUARIAL METHODS AND ASSUMPTIONS:**

The components of the net pension liability of the Fund's participating employers as of June 30, 2016 are as follows:

	<u>2016</u>
Total Pension Liability	\$716,218,412
Plan Fiduciary Net Position	<u>\$531,220,994</u>
Total Net Pension Liability	<u>\$184,997,418</u>

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

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**5. PENSION PLAN (continued)**

ACTUARIAL METHODS AND ASSUMPTIONS (continued)

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Investment rate of return	7.00% (net of investment expense, including inflation)
Projected Salary Increases	5.00%
Inflation Rate	2.50%
Mortality rates	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 males)
Expected Remaining Service Lives	2016-5 Years 2015-5 years 2014-5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and included 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 substantially automatic.

The actuarial assumptions used are based on the assumptions used in the 2016 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, unless otherwise specified.

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.

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**5. PENSION PLAN (continued)**

ACTUARIAL METHODS AND ASSUMPTIONS: (continued)

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 estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back 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 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% as of 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, 2016 are summarized in the following table:

Asset Class	Target Allocations	Long-term expected portfolio real rate of return
Fixed Income:		
Core fixed income	5.00%	1.00%
Core plus 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%
Total	100.00%	

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**5. PENSION PLAN (continued)**

ACTUARIAL METHODS AND ASSUMPTIONS: *(continued)*

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

SENSITIVITY TO CHANGES IN DISCOUNT RATE:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2016.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$1,718,735	\$1,207,842	\$774,194

CHANGE IN NET PENSION LIABILITY:

The changes in the net pension liability for the year ended June 30, 2017 were recognized in the current reporting period as pension expense except as follows:

*Differences between Actual and Expected Experiences:*

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**5. PENSION PLAN (continued)**

CHANGE IN NET PENSION LIABILITY: *(continued)*

with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$28,786 for the year ended June 30, 2016.

*Differences between Actual and Invested Earnings:*

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$208,392 for the year ended June 30, 2016.

*Changes of Assumptions and Other Inputs:*

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$74,388 for the year ended June 30, 2016.

*Change in Proportion:*

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion resulted in net deferred outflow of resources in the amount of \$2,565 for the year ended June 30, 2016.

CONTRIBUTIONS – PROPORTIONATE SHARE:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**5. PENSION PLAN (continued)**

CONTRIBUTIONS – PROPORTIONATE SHARE: (continued)

amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

FUNDING POLICY:

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 rate as of June 30, 2017 was 19.00% of annual covered payroll. Effective July 1, 2013, the Clerk of Court has elected to pay the member's share of the required contribution equal to 8.25% of their annual covered salary. Contributions to the Fund 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 \$113,130, \$113,226, and \$116,780.

Additional information can be obtained in the annual publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Feliciana, Louisiana 70816, by calling 225-293-1162, or obtained on the website- [www.laclerksofcourt.org](http://www.laclerksofcourt.org).

**6. DEFERRED COMPENSATION PLAN**

The Clerk offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan is administered by the Louisiana Deferred Compensation Commission. The plan, available to all full-time employees of the Clerk, permits them to defer a portion of their salary until future years.

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**6. DEFERRED COMPENSATION (continued)**

beneficiary) held in trust by Great West Life & Annuity Insurance Co. for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 100% of their salary with the Clerk matching up to 10% of compensation. Maximum annual contributions for participants under age 50 and for participants age 50 and older may not exceed \$18,000 and \$24,000 respectively. All contributions are immediately vested. The Clerk contributed \$2,280 to the plan during the year ended June 30, 2017.

**7. OTHER POST-EMPLOYMENT BENEFITS**

**PLAN DESCRIPTION**

The Clerk's defined benefit postemployment healthcare plan ("the Retiree Health Plan") provides medical, dental and life insurance benefits to eligible retirees and their beneficiaries. The Retiree Health Plan is affiliated with the Louisiana Clerks of Court Insurance Trust ("LCCIT"), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association.

**FUNDING POLICY**

The contribution requirements of plan members and the Clerk are established and may be amended by the LCCIT board of trustees. The Clerk pays for the entire premium charged by the LCCA for retirees. Retirees are required to pay 75% of the premium for their dependents. Surviving spouses are required to pay 100% of the premiums. For fiscal year 2017, the Clerk contributed \$98,037 to the plan and retirees contributed \$6,271.

**ANNUAL OPEB COST AND NET OPEB OBLIGATION**

For 2017, the Clerk's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan:

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Notes to the Financial Statements  
 As of and for the Year Ended June 30, 2017

**7. OTHER POST-EMPLOYMENT BENEFITS (continued)**

ANNUAL OPEB COST AND NET OPEB OBLIGATION (continued)

Annual Required Contribution	\$143,609
Interest on Net OPEB Obligation	20,103
Adjustment to Annual Required Contribution	<u>(30,173)</u>
Annual OPEB Cost (Expense)	133,538
Contributions made	<u>(98,037)</u>
<b>Increase in Net OPEB Obligation</b>	<b>35,501</b>
Net OPEB Obligation, Beginning of Year	<u>574,367</u>
<b>Net OPEB Obligation, End of Year</b>	<b><u>\$609,868</u></b>

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/2015	\$197,273	51.7%	\$544,852
06/30/2016	\$134,056	78.0%	\$574,368
06/30/2017	\$133,538	73.4%	\$609,868

**FUNDED STATUS AND FUNDING PROGRESS**

As of June 30, 2017, the actuarial accrued liability for benefits was \$1,845,623, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$595,419, and the ratio of unfunded actuarial accrued liability to the covered payroll was 310%.

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**7. OTHER POST-EMPLOYMENT BENEFITS *(continued)***

**ANNUAL OPEB COST AND NET OPEB OBLIGATION *(continued)***

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

**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 of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce 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 actuarial valuation, the unit credit cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 3.5% was used. In addition, the actuarial assumptions included an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 13 years. Medicare Supplement trend starts at 4% and decreases to 3% after 8 years. Dental trend decreases from 4% to 3% over 5 years and vision trend is 3% in all years. The Clerk's unfunded actuarial liability is being amortized on a level dollar, open basis over 30 years.

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Notes to the Financial Statements  
 As of and for the Year Ended June 30, 2017

**8. CAPITAL LEASE OBLIGATIONS**

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements.

	<u>Capital Lease Obligations</u>
Balance at June 30, 2016	\$16,799
Additions	\$0
Deductions	<u>(9,402)</u>
<b>Balance at June 30, 2017</b>	<b><u>\$7,397</u></b>

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2017:

<u>Fiscal Year Ending June 30,</u> 2018	<u>Total</u>
Total minimum lease payments	9,336
Less amount representing interest	<u>(1,939)</u>
Net minimum lease payments	7,397
Plus Amounts representing service	<u>0</u>
<b>Present value of net minimum lease payments</b>	<b><u>\$7,397</u></b>

The Clerk of Court does not have any noncancelable operating leases at June 30, 2017.

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Notes to the Financial Statements  
As of and for the Year Ended June 30, 2017

**9. EXPENDITURES FOR THE CLERK NOT INCLUDED IN THE FINANCIAL STATEMENTS**

Certain operating expenditures of the Clerk's office are paid by the Washington Parish Government as required by Louisiana Revised Statute 33:4713. The Clerk's office is located in the Washington Parish Courthouse, and the upkeep and maintenance of the courthouse are paid by the Washington Parish Government. These expenditures are not reflected in the accompanying financial statements.

**10. RISK MANAGEMENT**

The Washington Parish Clerk of Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered, in part, by commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court. Settlements have not exceeded insurance coverage in each of the past three years.

**11. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 28, 2017, which is the date the financial statements were available to be issued. No material subsequent events have occurred since December 28, 2017 that require recognition or disclosure in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Governmental Fund-General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget vs. Actual  
Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Revenues</b>				
Fees, charges, and commissions for services:				
Recordings	\$ 370,000	\$ 345,000	\$ 364,865	\$ 19,865
Cancellations	28,000	21,000	23,121	2,121
Mortgage certificates	18,000	20,000	19,300	(700)
Certified copies	50,000	31,000	31,541	541
Court attendance	9,000	9,000	9,160	160
Criminal fees	30,000	47,000	46,966	(34)
Civil Suits	615,000	567,000	566,696	(304)
Elections	15,000	5,000	2,240	(2,760)
Notarial Fees	3,300	5,000	4,204	(796)
Marriage Licenses	8,000	7,000	7,130	130
Interest	1,000	1,000	1,585	585
Miscellaneous	210,400	242,700	257,668	14,968
<b>Total Revenues</b>	<b>1,357,700</b>	<b>1,300,700</b>	<b>1,334,476</b>	<b>33,776</b>
<b>Expenditures</b>				
Judiciary:				
Personal services	719,300	703,600	682,144	(21,456)
Employee Benefits	345,000	311,800	338,403	26,603
Travel	9,000	10,000	12,055	2,055
Operating Services	233,900	193,100	231,187	38,087
Supplies	46,500	41,200	81,495	40,295
Debt Service				
Principal	-	-	9,402	9,402
Interest & Other Charges	-	-	2,138	2,138
Capital Outlay	4,000	31,000	-	(31,000)
<b>Total Expenditures</b>	<b>1,357,700</b>	<b>1,290,700</b>	<b>1,356,824</b>	<b>66,124</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>10,000</b>	<b>(22,348)</b>	<b>(32,348)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>10,000</b>	<b>(22,348)</b>	<b>(32,348)</b>
<b>Fund Balance at Beginning of Year</b>	<b>186,906</b>	<b>186,906</b>	<b>186,906</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 186,906</b>	<b>\$ 196,906</b>	<b>\$ 164,558</b>	<b>\$ (32,348)</b>

The accompanying notes are an integral part of this schedule.

**Washington Parish Clerk of Court**  
**Franklinton, Louisiana**  
**Schedule of Funding Progress**  
**June 30, 2017**  
**Unaudited**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 1,777,795	\$ 1,777,795	0.0%	\$ 672,396	264.4%
6/30/2012	\$ -	\$ 2,695,083	\$ 2,695,083	0.0%	\$ 703,782	382.9%
6/30/2015	\$ -	\$ 1,845,623	\$ 1,845,623	0.0%	\$ 614,609	300.3%

**Washington Parish Clerk of Court**  
**Franklinton, Louisiana**  
**Schedule of Employer's Share of Net Pension Liability**  
**For the Year Ended June 30, 2017\***

Year End	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Employee Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.644277%	\$ 869,041	\$ 614,609	141.4%	79.37%
2016	0.679363%	\$ 1,019,052	\$ 595,926	171.0%	78.13%
2017	0.652896%	\$ 1,207,842	\$ 595,419	202.9%	74.17%

\*The amounts presented have a measurement date of the previous fiscal year end.

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

**Washington Parish Clerk of Court**  
**Franklinton, Louisiana**  
**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2017**

Year End	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 116,780	\$ 116,780	\$ -	\$ 614,609	19.00%
2016	\$ 113,226	\$ 113,226	\$ -	\$ 595,926	19.00%
2017	\$ 113,130	\$ 113,130	\$ -	\$ 595,419	19.00%

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

**SCHEDULE REQUIRED BY STATE LAW**

**LSA R.S. 24:513A(1)(a)(3)**

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Schedule of Compensation, Benefits, and Other Payments to Agency Head  
 June 30, 2017  
 Unaudited

Schedule Required by State Law LSA RS 24: 513A(1)(a)(3)

The following schedule is required by Louisiana State Law LSA RS 24:513A(1)(a)(3) on compensation and benefits paid to the agency head:

<b>Agency Head Name:</b>	<b>Johnny D. Crain, Jr.</b>
<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 119,241
Salary-Other	2,100
Salary Supplemental Compensation	22,800
Benefits-Insurance	8,564
Benefits-Retirement	9,016
Deferred Compensation-Employee & Employer portion paid	12,000
Supplemental Compensation Fund	24,960
Travel and Meetings	2,465
Expense Allowance	13,295
Auto Expense	21,937
Guardian Insurance	834
Association Dues	2,050
Education- LA Clerk of Court Institute	550
<b>Total</b>	<b>\$ 239,814</b>

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## 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

Honorable Johnny D. Crain, Jr.  
Washington Parish Clerk of Court  
Franklinton, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington 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 Washington Parish Clerk of Court's basic financial statements and have issued my report thereon dated December 28, 2017.

### Internal Control over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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. The results of my tests identified material weakness, which are described in the accompanying corrective action plan for current year findings as items 2017-3 and 2017-4.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Washington Parish Clerk of Court's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying corrective action plan for current year findings as items 2017-1 and 2017-2.

### **Washington Parish Clerk of Court's Response to Findings**

Washington Parish Clerk of Court's response to the findings identified in our audit is described in the schedule of findings and questioned costs. Washington Parish Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Robert A. Neilson

Bogalusa, Louisiana

December 28, 2017

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Corrective Action Plan for Current Year Audit Findings  
 For the Year Ended June 30, 2017

**Section I - Summary of Auditor's Results**

Financial Statements

Type of Auditor's Report Issued		Unmodified
*Material Weakness Identified	<u>  X  </u> Yes	<u>      </u> No
*Significant Deficiency identified that are not considered material weaknesses?	<u>      </u> Yes	<u>  X  </u> No
*Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No

**Section II - Findings Affecting the Financial Statements**

Compliance

**2017-1**

**Noncompliance with R.S. 13:842**

Criteria	State Law R.S. 13:842 requires that each suit's unused balance in the Clerk's Advance Deposit Fund be refunded to the person who made the original deposit after five years of inactivity.
Condition	The Clerk of Court has suits that are five years or greater in their system.
Cause	The Clerk of Court lacks the personnel to research suits that have been dormant for five years or more on a consistent basis.
Effect	The Clerk is not in compliance with state law.
Recommendation	The Clerk of Court should research all inactive suits of five years or greater and refund these deposits to the individual who made the original deposit.
Corrective Action Plan	We are in the process of researching the suits five years or greater. However, it will take us some time because of the lack of personnel to perform the research on a consistent basis.

**2017-2**

**Noncompliance with R.S. 9:151 et seq.**

Criteria	The Unclaimed Property law R.S. 9:151 et seq. requires that if the Clerk is unable to locate the person who made the original deposit in the Advance Deposit fund five or more years ago, then they must remit those funds to the state treasury.
Condition	Since the Clerk's office is not actively researching dormant suits of five years or more, they can not determine which funds should be sent to the state treasury.

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended June 30, 2017

Cause	The Clerk of Court lacks the personnel to research suits that have been dormant for five years or more.
Effect	The Clerk is not in compliance with state law.
Recommendation	The Clerk of Court should research all inactive suits of five years or greater and if the individual, who made the original deposit, cannot be located, then these funds should be remitted to the state treasury.
Corrective Action Plan	We are in the process of researching the suits five years or greater. However, it will take us some time because of the lack of personnel to perform the research on a consistent basis.

Internal Control Matters

**2017-3**

**Preparation of GAAP Financial Statements**

Criteria	Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board. LRS 24:514 requires the reports of governmental agencies to be prepared in accordance with GAAP.
Condition	The Washington Parish Clerk of Court does not prepare GAAP financial statements.
Cause	The Clerk of Court lacks the appropriate personnel to prepare these financial statements.
Effect	The Clerk of Court relies on its auditors to assist in the preparation of the GAAP financial statements and related disclosures.
Recommendation	The Washington Parish Clerk of Court should prepare the financial statements in accordance with GAAP.
Corrective Action Plan	The Clerk has evaluated the costs vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP. We have determined that it is in the best interest of the government to outsource this task to its independent auditors and then review the draft financial statements prior to approving them and accepting responsibility for their contents and presentation.

**Washington Parish Clerk of Court**  
Franklinton, Louisiana  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended June 30, 2017

**2017-4**

**Inadequate Segregation of Duties**

Criteria	The elements of good internal controls require that there be adequate separation of duties so that the same employee does not handle certain multiple functions.
Condition	Due to the small size of the entity and the lack of separation of duties for employees, many elements of good internal controls cannot be implemented to ensure the protection of the entity's assets.
Cause	The Washington Parish Clerk of Court is a small entity that lacks the appropriate number of employees to accomplish proper segregation of duties.
Effect	Inadequate system of internal controls
Recommendation	Management of the Washington Parish Clerk of Court should provide the necessary oversight to ensure that there is appropriate segregation of duties.
Corrective Action Plan	The Clerk has determined it would not be cost beneficial to hire additional personnel needed to achieve an adequate segregation of duties.

**Washington Parish Clerk of Court**  
 Franklinton, Louisiana  
 Summary of Prior Year Audit Findings  
 For the Year Ended June 30, 2017

**Section I - Summary of Auditor's Results**

Financial Statements

Type of Auditor's Report Issued		Unmodified
*Material Weakness Identified	_____ Yes	___X___ No
*Significant Deficiency identified that are not considered material weaknesses?	_____ Yes	___X___ No
*Noncompliance material to financial statements noted?	_____ Yes	___X___ No

**Section II - Findings Affecting the Financial Statements**

Noncompliance with laws, regulations, contracts, and grant agreements

**2016-1**

**Budget Amendments**

Criteria	Under state law R.S. 39:1311A(2), the budget should be amended when total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
Condition	Although the budget was amended once throughout the fiscal year, actual expenditures exceeded budgeted expenditures by more than 5%.
Effect	There was a violation of the State Budget Act.
Cause	The Washington Parish Clerk of Court did not monitor revenues and expenses compared to budgeted amounts closely after the original budget was amended for the first time.
Recommendation	Monitor the variances near year end and amend the budget at year end if necessary.
Management's Response	Management will monitor the budget to actual variance more closely and amend when necessary.

*During the fiscal year ending June 30, 2017, management of the Washington Parish Clerk of Court monitored the budget variances throughout the year and amended when necessary. They will continue to follow the same budgeting process and procedures in the future.*

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

To the Honorable Johnny D. Crain Jr. of the Washington Parish Clerk of Court and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Washington Parish Clerk of Court (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 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, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - 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.

**Exceptions:** There are no written policies or procedures on any of the above categories for the Washington Parish Clerk of Court.

**Management's Response:** *We are in the process of re-writing our policies to include the above and expand on the present policies.*

**Board (or Finance Committee, if applicable)**

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- 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.

The Washington Parish Clerk of Court does not have a board of directors or similar body; therefore, the procedures listed above were not applicable.

**Bank Reconciliations**

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

A listing of client bank accounts and management's representation that the listing is complete were obtained.

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

- a) Bank reconciliations have been prepared;

Bank statements and reconciliations for all months in the fiscal period were obtained and it was noted that reconciliations were prepared for all months.

- 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: There is no evidence that a member of management reviews the bank reconciliations.

**Management's Response: The Clerk will begin to review the bank statements and reconciliations after they are received from the outside accountant.**

- 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: No member of management researches outstanding checks 6 months or older.

**Management's Response: The Clerk will begin to review the outstanding checks 6 months and older to determine why they are outstanding.**

### **Collections**

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

A listing of cash collection locations and management's representation that the listing is complete were obtained.

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.

**Exceptions:** The Clerk's office has 3 locations in which cash is collected. Each person within those locations are bonded and are not responsible for depositing the cash in the bank. They are however, recording the related transaction in the system, and often share the same drawer with other employees.

**Management's Response:** *Our office lacks the personnel to segregate the duties and it would not be cost beneficial to hire the additional personnel needed.*

- 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.

**Exception:** The entity has no process of reconciling cash collections to the ledgers by someone other than those who make cash collections.

**Management's Response:** *Our office lacks the personnel to segregate the duties and it would not be cost beneficial to hire the additional personnel needed.*

- 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.
  - 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.

**Exception:** The highest cash collection week was selected for two funds. Cash collections from both funds are supported by documentation and verified by a deposit in the bank account. However, only the cash collected in one of the funds was deposited within one business day. The other one was deposited in 3 business days.

**Management's Response:** *The deposits are normally deposited within one business day unless the person who does our deposits is out of the office or in cases of emergency, Acts of God, and office closures.*

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.

**Exception:** There is no written documentation or process defined to determine the completeness of all collections by a person not responsible for collections.

**Management's Response:** *Our office lacks the personnel to segregate the duties and it would not be cost beneficial to hire the additional personnel needed.*

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

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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.

A listing of disbursements and management's representation that the listing is complete were obtained.

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.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - 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:** Twenty five checks were randomly selected and the supporting documentation for each check was received. Each supporting document contained detail of the purchase. However, the entity has no requisition/purchase order system and none of the disbursements were approved by someone who did not initiate the purchase.

**Management's Response:** *The Clerk will begin to approve all purchases and will sign the needed documentation.*

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.

There is no purchasing/disbursement system for the entity; therefore this procedure is not applicable.

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.

**Exception:** The person responsible for processing payments also initiates the purchase and selects the vendors to make the purchases from.

**Management's Response:** *The Clerk will begin to take a more active role in the purchasing of supplies.*

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.

**Exception:** Inquiry of management indicated that unused checks were kept in a locked location, with only persons having signatory authority having access.

**Management's Response:** *The checkbook is kept in a locked desk drawer of an employee who handles bill payments and there is one other employee, who does not have signatory authority that has a key to the drawer. However, the Advance Deposit checks are kept by the parties that do not have signatory authority. All unused checks are kept in locked cabinets.*

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.

The Clerk of Court does not use a signature stamp or machine and signed checks are maintained in the signer's possession until mailed.

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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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.

A listing of active credit cards, bank debit cards, fuel cards and P-cards with the names of persons who maintain possession of the cards and management's representation that the listing is complete were obtained.

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.

The Clerk of Court only has 3 credit cards issued.

requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Exception:** During the review of the June 2017 monthly statement, it was noted that a gift was given to an employee upon their dismissal. However, the funds were 100% reimbursed by the employees of the office. Further testing was conducted to review the December 2016 monthly statement. Another instance was noted in which a gift for the Clerk was purchased with the office funds, and again, the funds were 100% reimbursed by the employees of the office.

**Management's Response:** *Starting in January 2018, even though the employees have reimbursed the office for gifts, there will be no gifts purchased with the office credit card.*

### **Travel and Expense Reimbursement**

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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.

A listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

The Clerk's written policies related to travel and expense reimbursements was obtained.

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.

Expenses were reimbursed in accordance with the Clerk's 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.]

requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

**Exception:** During the review of the June 2017 monthly statement, it was noted that a gift was given to an employee upon their dismissal. However, the funds were 100% reimbursed by the employees of the office. Further testing was conducted to review the December 2016 monthly statement. Another instance was noted in which a gift for the Clerk was purchased with the office funds, and again, the funds were 100% reimbursed by the employees of the office.

**Management's Response:** *Starting in January 2018, even though the employees have reimbursed the office for gifts, there will be no gifts purchased with the office credit card.*

### **Travel and Expense Reimbursement**

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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.

A listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

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](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

The Clerk's written policies related to travel and expense reimbursements was obtained.

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.

Expenses were reimbursed in accordance with the Clerk's 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.]

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no exceptions noted.

- 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.

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

The selected expense reimbursements had the proper approvals.

## **Contracts**

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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.

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

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 no exceptions noted.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

None of the contracts were subject to the Louisiana Public Bid Law or Procurement Code, and therefore, the entity did not solicit any quotes for these contracts.

- 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.
- 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.

**Exception:** Two of the three contracts were amended during the year. The original contracts provided for such amendments, and the invoices and payments were in compliance with those amendments. Through inquiry of management, one of the contracts had no official amendment, but the payments during the fiscal period were not in terms with the original contract. New payments terms were verbal and not properly documented.

**Management's Response:** *All changes to contracts will be reviewed, written, and documented properly.*

- 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).

The Clerk of Court does not have a board; therefore is not subject to this procedure.

### **Payroll and Personnel**

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- 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:

A listing of employees with their related salaries and management's representation that the listing is complete were obtained. Five employees were selected for testing and personnel files were pulled for each.

- 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.

**Exception:** One employee was paid for sick time, but the sick leave was not adjusted to reflect this payment. There are no employee contracts or pay rate structures.

- 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.

**Exception:** There was a pay rate change that occurred for only one employee during the fiscal period, which was not supported by any documentation. There are also no written pay policies regarding the pay rate structure for employees.

**Management's Response:** *We are currently re-writing our policies to reflect that all personnel adjustments, including payroll, will be at the discretion of the Clerk and properly documented.*

- 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:

The attendance and leave records were selected for four employees.

- 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.)

The selected employees properly documented their daily attendance and leave on their timesheets.

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

**Exception:** Only the timesheets of two of the four employees were approved by their supervisors.

**Management's Response:** *As of January 2018, all timesheets will not be accepted unless the supervisor has signed off and approved the time sheet.*

- 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.

Management of the Clerk of Court maintains a record of all timesheets of employees and keeps an accurate, up to date, spreadsheet of the leave time balance available for each employee.

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.

**Exception:** Obtained a listing from management of all employees terminated during the year. One employee was terminated and was not paid according to the Clerk's leave policy and was only paid through the end of their employment.

**Management's Response:** *The employee's last day was May 31, 2017, however she was paid through June 15, 2017 due to unused vacation time.*

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 no exceptions noted as a result of applying this procedure.

### ***Ethics (excluding nonprofits)***

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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.

**Exception:** Only three out of the five employee files chosen in procedure #22 had the required documentation to support that required ethics training had been completed, and one employee had not completed the required ethics training in the last two years.

**Management's Response:** *All employees are required to complete the ethics training and their documentation be filed in their personnel files. Every year, the files will be checked to ensure that every employee completes the required training and the proper documentation is placed in their file.*

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.

During the fiscal year ending June 30, 2017, there were no allegations of ethics violations made to management.

### ***Debt Service (excluding nonprofits)***

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

There was no debt issued during the fiscal year.

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.

The Clerk has outstanding debt related to copier leases and made scheduled payments.

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.

The Clerk has no tax millage relating to debt service.

### ***Other***

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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.la.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Clerk has the required notices posted on its premises and website.

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

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

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

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



Robert A. Neilson, CPA, LLC

Bogalusa, Louisiana  
December 28, 2017