

AVOUELLES PARISH CLERK OF COURT

FINANCIAL STATEMENTS

JUNE 30, 2019

DUCOTE & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
219 NORTH WASHINGTON STREET
P. O. BOX 309
MARKSVILLE, LA 71351

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana

Annual Financial Statements
As of and for the Year Ended June 30, 2019
With Supplemental Information Schedules

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**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana**

**Annual Financial Statements
As of and for the Year Ended June 30, 2019
With Supplemental Information Schedules**

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INDEPENDENT AUDITORS' REPORT

The Honorable Connie F. Desselle
Avoyelles Parish Clerk of Court
Marksville, Louisiana

We have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Avoyelles Parish Clerk of Court, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of the Avoyelles Parish Clerk of Court, as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and the Schedules of Employer's Share of Net Pension Liability and Employer's Pension Contributions on pages 4 through 6 and 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Avoyelles Parish Clerk of Court's basic financial statements. The Other Supplemental Schedules (Part III) Agency Fund Combining Schedule of Changes in Unsettled Deposits on page 44 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Changes in Unsettled Deposits is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, Combining Schedule of Changes in Unsettled Deposits is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avoyelles Parish Clerk of Court's internal control over financial reporting.

This report is intended for the information of the Avoyelles Parish Clerk of Court and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

DUCOTE & COMPANY

Marksville, Louisiana
November 26, 2019

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

AVOYELLES PARISH CLERK OF COURT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

Our discussion and analysis of the Avoyelles Parish Clerk of Court's financial performance provides an overview of the financial activities as of and for the fiscal year ended June 30, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provides information about the activities as a whole and present a longer-term view of the Clerk of Court's finances. Fund financial statements start on page 10. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditors have provided assurance in their independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information Schedules is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Report.

Government-Wide Financial Statements

One of the most important questions asked about finances is, "Is the Avoyelles Parish Clerk of Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information on the Clerk of Court as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net position and changes in them. You can think of net assets – the difference between assets and liabilities – as one way to measure the financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the Avoyelles Parish Clerk of Court.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the Clerk of Court as a whole. Some funds are required to be established by State laws.

The Clerk of Court uses only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. We describe the relationship

(or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations immediately following the fund financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, liabilities exceeded assets by \$1,509,128 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Invested in capital assets of \$144,106, including cost of office equipment, furniture and fixtures, and automobiles, net of accumulated depreciation and related debt.
 - (2) Unrestricted net positions of \$(1,653,234) representing the portion available to maintain the continuing obligation to citizens and creditors.
- The governmental funds reported total ending fund balance of \$1,191,813, which was classified as unassigned. This compares to the prior year ending fund balance of \$1,170,219 showing an increase of \$21,595.
- Total spending for all judicial activities was \$1,717,440, which was \$21,595 less than program revenues for these activities of \$1,739,034.

The Statement of Net Position and the Statement of Activities reports only one type of activity – governmental activities. All of the basic judicial services are reported as this type. Fines and fees charged to the public finance most of these activities.

FINANCIAL ANALYSIS OF THE AVOYELLES PARISH CLERK OF COURT AS A WHOLE

Net Position may serve over time as a useful indicator of a government's financial position. The Avoyelles Parish Clerk of Court's net position reflects its investment in capital assets (e.g. equipment). These assets are not available for future spending. The balance in unrestricted net position is affected by required depreciation on assets being included in the statement of net position, as well as the OPEB liability and the pension liability of the Avoyelles Parish Clerk of Court.

FINANCIAL ANALYSIS OF THE CLERK OF COURT'S FUNDS

As we noted earlier, the Clerk of Court uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the Clerk of Court is being accountable for the resources provided to it but may also give you more insight into the overall financial health.

As the Clerk of Court completed the year, its governmental fund reported a fund balance of \$1,191,813. This reflects an increase of \$21,595 from last year. The increase is primarily the result of an overall increase in revenues and a decrease in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not amended in the current fiscal year.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2019 was \$159,724.

This year there were no asset additions and no asset deletions. More detailed information about the capital assets is presented in Note 5 to the financial statements.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Avoyelles Parish Clerk of Court's finances and to show the Clerk of Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Connie F. Desselle, Avoyelles Parish Clerk of Court, P.O. Box 219, Marksville, LA 71351 at phone number 318-253-7523.

November 26, 2019

BASIC FINANCIAL STATEMENTS

**AVOYELLES PARISH CLERK OF COURT
MARKSVILLE , LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2019**

CURRENT ASSETS	
Cash and cash equivalents	\$344,568
Investments	795,000
Receivables - fees, charges, and commissions	14,877
Accrued interest receivable	1,475
Due from other funds	58,267
Prepaid expenses	163
TOTAL CURRENT ASSETS	<u>1,214,349</u>
NON-CURRENT ASSETS	
Capital assets (net of accumulated depreciation)	<u>159,724</u>
TOTAL NON-CURRENT ASSETS	<u>159,724</u>
TOTAL ASSETS	<u>1,374,073</u>
Deferred Outflow of Resources Pension Fund Related	393,608
CURRENT LIABILITIES	
Accounts payable	5,608
Payroll deductions payable	16,812
Due to Other Funds	116
Lease payable	12,175
TOTAL CURRENT LIABILITIES	<u>34,710</u>
NON-CURRENT LIABILITIES	
Long-term lease payable	3,443
OPEB obligation	2,065,370
Net pension liability	1,088,166
TOTAL NON-CURRENT LIABILITIES	<u>3,156,979</u>
TOTAL LIABILITIES	<u>3,191,689</u>
Deferred Inflow of Resources Pension Fund Related	85,119
NET POSITION	
Investment in capital assets	144,106
Unrestricted	<u>(1,653,234)</u>
TOTAL NET POSITION	<u><u>\$(1,509,128)</u></u>

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

**AVOUELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

General government	
Personal service and related benefit	\$1,082,352
Operating services	506,754
Materials and supplies	108,163
Travel and other charges	22,128
Appropriations to other governmental units	121,558
Depreciation expense	<u>59,156</u>
 Total Program expenses	 <u>1,900,108</u>
 Program Revenues	
Licenses and permits	6,036
Fees, charges, and commissions for services:	
Court costs, fees, and charges	770,986
Fees for recording legal documents	775,717
Fees for certified copies of documents	106,999
Subscribed services	45,319
Election fees	9,624
Miscellaneous	<u>4,723</u>
 Total program revenues	 <u>1,719,405</u>
 Net program expenses	 (180,703)
 General revenues:	
Interest earnings	<u>19,629</u>
 Changes in net position	 (161,075)
 Net position - beginning of year	 <u>(1,348,053)</u>
 Net position - end of year	 <u><u>\$(1,509,128)</u></u>

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

**AVOYELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$344,568
Investments	795,000
Receivables - fees, charges, and commissions	14,877
Accrued interest receivable	1,475
Due from other funds	58,267
Prepaid expenses	<u>163</u>
TOTAL ASSETS	<u><u>\$1,214,349</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$5,608
Payroll deductions payable	16,812
Due to Other Funds	<u>116</u>
TOTAL LIABILITIES	<u>22,535</u>
FUND BALANCE	
Fund Balance	
Unassigned	<u>1,191,813</u>
TOTAL FUND BALANCE	<u>1,191,813</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$1,214,349</u></u>

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

**AVOUELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

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

Fund Balance, Total Governmental Funds (Statement C)		\$1,191,813
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the governmental funds.		159,724
Deferred inflows and outflows of resources are not recognized in the fund balance of Governmental Fund Statement.		
Pension Related Inflows	(85,119)	
Pension Related Outflows	<u>393,608</u>	
		308,489
Long-term liabilities including leases payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Lease payable	(15,618)	
Net Pension Liability	(1,088,166)	
OPEB Obligation	<u>(2,065,370)</u>	
		<u>(3,169,154)</u>
Net position of Governmental Activities (Statement A)		<u><u>\$(1,509,128)</u></u>

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

**AVOYELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>
REVENUES	
Licenses and permits	\$6,036
Fees, charges, and commissions for services:	
Court costs, fees, and charges	770,986
Fees for recording legal documents	775,717
Fees for certified copies of documents	106,999
Subscribed services	45,319
Election fees	9,624
Miscellaneous	4,723
Use of money and property:	
Interest earnings	<u>19,629</u>
 Total revenues	 <u>1,739,034</u>
EXPENDITURES	
General government	
Personal service and related benefit	947,852
Operating Services	506,754
Materials and supplies	108,163
Travel and other charges	22,128
Debt service	<u>10,986</u>
 Total Expenditures	 <u>1,595,882</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 143,152
OTHER FINANCING SOURCES (USES)	
Appropriations to other governmental units	<u>(121,558)</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	 <u>21,595</u>
 FUND BALANCES AT BEGINNING OF YEAR	 <u>1,170,219</u>
 FUND BALANCES AT END OF YEAR	 <u><u>\$1,191,813</u></u>

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

**AVOUELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

Net change in fund balances - total governmental funds (Statement E)	\$21,595
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(59,156)
	(59,156)
Governmental funds report pension outlays as expenditures. However, in the Statement of Activities, the cost is based on various assumptions made by the pension fund's actuary. Governmental funds do not recognize employee contributions to the pension fund as revenue.	
Difference in pension expenditures and pension expense	(150,938)
	(150,938)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long term debt and related items.	10,986
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures of governmental funds.	
Payroll related benefits (OPEB)	16,439
Changes in net position of governmental activities (Statement B)	<u>\$ (161,075)</u>

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

**AVOUELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
JUNE 30, 2019**

	Advance Deposit Fund	Registry of Court Fund	Total
ASSETS			
Cash and cash equivalents	\$304,599	\$362,209	\$666,808
Due from other funds	\$0	\$116	\$116
Investments	1,095,000	0	1,095,000
NSF Receivable	5,758	0	5,758
TOTAL ASSETS	<u>\$1,405,357</u>	<u>\$362,325</u>	<u>\$1,767,682</u>
LIABILITIES			
Due to other funds	\$58,267	\$0	\$58,267
Unclaimed property	\$8,485	\$0	\$8,485
Unsettled deposits	1,338,605	362,325	1,700,930
TOTAL LIABILITIES	<u>\$1,405,357</u>	<u>\$362,325</u>	<u>\$1,767,682</u>

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

NOTES TO FINANCIAL STATEMENTS

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements
As of and for the Year Ended June 30, 2019

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

B. REPORTING ENTITY

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

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

C. FUND ACCOUNTING

The clerk of court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transaction relating to certain government functions or activities.

Governmental Funds

Governmental funds account for all or most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they 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.

AVOUELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

C. FUND ACCOUNTING, (Continued)

The following are the clerk's governmental funds:

General Fund

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

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by the clerk are the agency funds. The agency funds account for assets held by the clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations. Consequently, the agency funds have not measurement focus but use the modified accrual basis of accounting. The advance deposit and registry of court agency funds account for assets held as an agent for others.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

FUND FINANCIAL STATEMENTS

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of clerk operations.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The clerk considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on the 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, recordings, cancellations, court attendance, marriage licenses, and other fees, charges and commissions for services are recorded in the year they are earned. Interest income on time deposits is recorded when the time deposits have matured, and income is available. Substantially all other revenues are recorded when received.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING, (Continued)

Expenditures

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

Other Financing Sources and Expenditures

Proceeds from and expenditures for the capital leases are recognized when received or due as another financing source and expenditure.

Agency Fund

The Agency Fund statements and schedules have been prepared on the modified accrual basis of accounting, with collections recognized in the year they are earned, and distributions reflected when liability is incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, *the Governmental Accounting Standards Board* requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increase in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from delayed recognition of expenditures or revenues, respectively.

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 Clerk. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed by the clerk's general revenues.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

E. BUDGET PRACTICES

The Clerk annually adopts a budget for the general fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Any amendments to the budget are published in the Clerk's official journal. Budgetary integration is not employed as a management tool.

The proposed budget for the 2019 fiscal year was made available for public inspection at the clerk's office on May 31, 2018. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 19 days prior to the public hearing. The budget hearing was held at the clerk's office on June 18, 2018. The budget is legally adopted and amended, as necessary, by the clerk. All appropriations lapse at year-end. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. All investments are held in certificates of deposits and are stated at cost.

G. CAPITAL ASSETS

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

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	5 – 10 years
Vehicles	5 – 10 years
Equipment	5 – 10 years

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

H. COMPENSATED ABSENCES

The clerk of court has the following policy relating to vacation and sick leave: Employees of the clerk's office earn two weeks of vacation leave each year. Vacation leave must be used in the year earned. Employees are allowed seven days of sick leave each year. Sick leave is noncumulative.

There are no accumulated or vested vacation and sick leave benefits which require accrual to conform to generally accepted accounting principles.

I. EQUITY CLASSIFICATIONS

In the government-wide statements, equity is classified as net positions and displayed in three components as applicable: The components are as follows:

Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net positions – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt." In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances are classified as follows in the governmental fund financial statements. Proprietary fund equity is classified the same as in the government-wide financial statements.

Non-spendable – Fund balance that is not in spendable form or is legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories or prepaid items.

Restricted - Fund balance that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation.

Committed – Fund balance that can only be used for specific purposes determined by the Clerk. Committed amounts cannot be used for any other purpose unless the Clerk removes or changes the specified use by taking the same type of action it employed to previously commit the funds. Committed fund balance is the result of a policy of the Clerk.

Assigned – Fund balance that is constrained by the Clerk's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Clerk.

Unassigned – Fund balance that is the residual classification for general fund.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

J. EQUITY CLASSIFICATIONS, (continued)

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

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

The Avoyelles Parish Clerk of Court's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana R.S 33:4715, is paid by the Avoyelles Parish Police Jury. Louisiana R.S. 13:784 provides that upon request of the Clerk, the police jury shall provide all necessary office furniture, equipment, and record and books. During the current year, the Clerk has not requested that the police jury purchase any office furniture, equipment, and records or books for her office. The Police Jury does however pays for utilities for the Clerk's office. The amount of the utilities paid by the Police Jury is indeterminable.

L. EXCESS FUND BALANCE

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 her term of office. At June 30, 2019, 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.

M. USE OF 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 support and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At June 30, 2019, the clerk of court has cash and cash equivalents (book balances) totaling \$2,901,376 as follows:

Petty cash	\$ 200
Cash on hand	18,444
Demand deposits	992,732
Interest bearing demand deposits	<u>1,890,000</u>
Total	<u>\$ 2,901,376</u>

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

2. CASH AND CASH EQUIVALENTS, (Continued)

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the Clerk's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balance) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity (clerk of court) that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

At June 30, 2019, the Clerk's deposit balances (bank balances) of \$2,962,284 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 670,000
Collateralized:	
Collateral held by pledging bank's trust department in the Clerk's name	2,292,284
Uninsured and uncollateralized	<u>-</u>
Total	<u><u>\$ 2,962,284</u></u>

All deposits were fully secured at year end.

3. INVESTMENTS

At June 30, 2019, the clerk of court holds investments totaling \$1,590,000 in 180-day certificates of deposit. These investments are stated at cost, which approximates market value, and are secured from risk by federal deposit insurance (see note 2).

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

4. RECEIVABLES

Receivables in the general fund totaled \$14,877 at June 30, 2019 detailed as follows:

Accounts Receivable	
Current	\$ 12,313
Over 30 days	1,969
Over 60 days	257
Other	<u>338</u>
 Total Receivables	 <u>\$ 14,877</u>

5. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended June 30, 2019 is as follows:

Governmental Activities

Balance June 30, 2018	\$1,101,362
Fiscal Year 2018-19:	
Additions	-
Deletions	<u>(-)</u>
Balance June 30, 2019	1,101,362
 Less accumulated depreciation	 <u>(941,638)</u>
 Net Capital Assets	 <u>\$ 159,724</u>

6. LEASES

The Clerk of Court has various immaterial operating leases for copy machines. One November 28, 2016, the Clerk entered into the following capital lease:

2017 Buick Enclave – Lease period 48 months, 5.499% interest
Monthly payment \$1,014.59, purchase option \$1 at the end of the lease

The minimum annual commitments under the operating lease are as follows:

<u>Fiscal Year</u>	<u>Vehicle Lease</u>
2019-2020	12,175
2020-2021	<u>4,058</u>
	16,233
Less: amount representing interest	<u>(615)</u>
 Present Value of future lease payments	 <u>\$ 15,618</u>

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

7. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits follows:

	Unsettled Deposits at Beginning of Year	Additions	Reductions	Unsettled Deposits at End of Year
Agency funds:				
Advance Deposit	\$ 1,536,292	\$ 1,557,892	\$ 1,755,579	\$ 1,338,605
Registry of Court	389,316	537,204	564,195	362,325
Total	\$ 1,925,608	\$ 2,095,096	\$ 2,319,774	\$ 1,700,930

8. PENSION PLAN

For Purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirements and Relief Fund, and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their Final-average salary is the employee's average salary not to exceed 100 percent of their final average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

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

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

The Louisiana Clerks of Court Association issues a publicly available financial report that includes actuarial valuation and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Association, 11745 Bricksome Avenue, Suite B-1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Retirement Benefits. A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years (age 65 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to 3% percent of the member's monthly average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. The retirement benefit accrual rate is increased to 3½% for all service credit accrued after June 30, 1999 (for members hired prior to January 1, 2011). For members hired before July 1, 2006 and who retire prior to January 1, 2011, monthly average final compensation is based on the highest 36 consecutive months, with a limit increase of 10% in each of the last three years of measurement. For members hired after July 1, 2006, monthly average final compensation is based on the highest compensated 60 consecutive months, or successive joined months if service was interrupted, with a limit increase of 10% in each of the last five years of measurement. For members who were employed prior to July 1, 2006 and who retire after December 31, 2010, the period of final average compensation is 36 months plus the number of whole months elapsed since January 1, 2011, not to exceed 60 months.

Disability Benefits. Disability benefits are awarded to active members who are totally and permanently disabled as a result of injuries sustained in the line of duty or to active members with 10 or more years of credible service who are totally disabled due to any cause. A member who is officially certified as totally or permanently disabled by the State Medical Disability Board will be paid monthly disability retirement benefits equal to the greater of forty percent of their monthly average final compensation or 75% of their monthly regular retirement benefit computed as per R.S. 11:1521 (C).

Survivor Benefits. Upon the death of any contributing member with less than five years of credited service dies, his/her accumulated contributions are paid to his/her designated beneficiary. Upon the death of any active contributing member with 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 ¼ 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 ½ member's accrued retirement benefit in equal shares. Upon the death of any former member with less than 12 years of service, the designated beneficiary may receive his/her accumulated contributions. 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.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Deferred Retirement Option Plan. In lieu of terminating employment and accepting a service allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits.

Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP 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 DROP account equal to the payments to the account or a true annuity based upon his account (subject to approval by the Board of Trustees). In addition, the member receives the monthly benefits that were paid into the DROP fund during his period of participation. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. The interest earnings are based on the actual rate of return on funds in such accounts. These interest accruals cease upon termination of employment.

Upon termination, the member receives a lump sum payments from the DROP fund equal to the payments made to that fund on his behalf or a true annuity based in 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. Prior to January 1, 2011, 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 36 months. Effective January 1, 2011, the average compensation for members whose additional service is less than 36 months is equal to the lesser amount used to calculate his original benefit or the compensation earned in the period of additional service divided by the number of months of additional service. For former DROP participants who retire after December 30, 2010, the period used to determine final average compensation for post-DROP service is 36 months plus the number of whole months elapsed from January 1, 2011 to the date of DROP entry. 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 grant retired members and widows of members who have been retired for at least one full calendar year an annual cost of 2.5% of their benefit (not to exceed \$40 per month), and all retired members and widows who are 65 years of age or older a 2% increase in their original benefit (or their benefit as of October 1, 1977, if they retired prior to that time). In order to grant the 2.5% COLA, the increase in the consumer price index must have exceeded 3% since the last COLA granted. In order for the Board to grant either of these increases, the Fund must meet certain other criteria as detailed in the Louisiana statute relating to funding status. In lieu of granting the above cost of living increases, Louisiana statutes allow the Board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Employer Contributions. According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 19%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the effective year.

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. Non-employer contributions are recognized as revenue during the year and excluded from pension expense. Non-employer contribution revenue for the System or the year ended June 30, 2018, was \$10,969,148.

Schedule of Employer Allocations. The Schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of the Louisiana Clerks' of Court Retirement and Relief Fund. The employer's portion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting 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, 2018, as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2018.

Schedule of Pension Amounts by Employer. The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

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

The components of the net pension liability of the Fund's participating employers as of June 30, 2018, are as follows:

Total Pension Liability	\$794,767,702
Plan Fiduciary Net Position	<u>628,437,651</u>
Total Net Pension Liability	<u>\$166,330,051</u>

**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)**

8. PENSION PLAN, (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment rate of return	6.75%, net of investment expense
Projected Salary Increases	5.00%
Inflation Rate	2.5%
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) and projected to 2030 using scale AA for males and females
Expected remaining service lives	2018-5 years 2017-5 years 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 includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantially automatic.

The actuarial assumptions used are based on the assumptions used in the 2018 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, unless otherwise specified. In cases where benefit structures were changes after the experience study period, assumptions were based on future experiences.

The mortality rate assumption used was verified by combining data from this plan with two other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected real rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.10%, for the year ended June 30, 2018.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

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, 2018, is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income:		
Core fixed income	5.000%	1.750%
Core plus fixed income	15.000%	2.000%
Domestic Equity:		
Large cap domestic equity	21.000%	4.500%
Non-large cap domestic equity	7.000%	4.750%
International Equity:		
Large cap international equity	14.000%	4.750%
Small cap international equity	6.500%	4.500%
Emerging markets	6.500%	6.250%
Real Estate	10.000%	4.000%
Master Limited Partnerships	5.000%	6.000%
Hedge Funds	10.000%	3.500%
	100.000%	

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and the Public Retirement System's Actuarial Committee (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 position liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employer's net position liability would be if it were calculated using a discount rate that is one percentage lower, 5.75% or one percentage point higher, 7.75% than the current rate as of June 30, 2018.

	1% Decrease 5.75%	Current Discount Rate- 6.75%	1% Increase 7.75%
Net Pension Liability	\$1,663,564	\$1,088,166	\$611,212

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Changes in Net Position Liability. The changes in the net position liability for the year ended June 30, 2018, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience-

Differences between expected and actual with regard to economic or demographic factors in the measurement of the total pension liability were recognized as 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. The difference between expected and actual experience resulted in deferred inflows of resources and a pension benefit as of June 30, 2018 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	30-Jun-18	
				Deferred Outflows	Deferred Inflows
2018	\$ 1,369,822	\$ -	\$ 273,964	1,095,858	\$ -
2017	3,165,856	-	791,464	2,374,392	-
2016	1,415,947	-	471,982	943,965	-
2015	-	3,286,276	(1,643,138)	-	1,643,138
2014	-	683,729	(683,729)	-	-
			Totals	<u>\$ 4,414,215</u>	<u>\$ 1,643,138</u>

Differences between Projected and Actual Investment Earning-

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 net deferred inflow of resources and pension benefit as of June 30, 2018 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	30-Jun-18		Net Deferred Outflows Balance
				Deferred Outflows	Deferred Inflows	
2018	\$ 226,356	\$ -	\$ 45,271	\$ 181,085	\$ -	\$ 181,085
2017	-	24,614,459	(6,153,615)	-	18,460,844	(18,460,844)
2016	25,114,862	-	8,371,621	16,743,241	-	16,743,241
2015	9,422,935	-	4,711,467	4,711,468	-	4,711,468
2014	-	7,851,358	(7,851,358)	-	-	-
			Totals	<u>\$ 21,635,794</u>	<u>\$ 18,460,844</u>	<u>\$ 3,174,950</u>

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Changes of Assumption-

The changes of assumptions about future economic or demographic factors 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. The changes of assumptions or other inputs resulted in deferred outflows of resources and pension expense as of June 30, 2018 as follows:

	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2018	\$ 19,347,376	\$ -	\$ 3,869,475	\$ 15,477,901	\$ -
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	3,606,496	-	1,803,247	1,803,249	-
2014	2,991,922	-	2,991,922	-	-
			Totals	<u>\$ 17,281,150</u>	<u>\$ -</u>

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.

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 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.

Retirement Fund Audit Report. The Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana has issued a stand-alone report on their financial statements for the year ended June 30, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Estimates. The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of American requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Accordingly, actual results may differ from estimated amounts.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Funding Policy. Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Avoyelles Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 10 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Avoyelles Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Avoyelles Parish Clerk of Court's contributions to the System for the years ending June 30, 2019, 2018, and 2017 were \$176,073, \$153,016 and \$154,638 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2019, the Clerk reported a liability of \$1,088,166 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Clerk's proportion was .654221%, which was an increase of .025183% from its proportion measured as of June 30, 2018. For the year ended June 30, 2019, the clerk recognized pension expense of \$131,181, less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$1,505. At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 28,879	\$ 10,750
Changes of Assumptions	113,057	-
Change in proportion and differences between the employer's contribution and the employer's proportionate share of contributions	34,224	40,278
Net differences between projected and actual earnings on plan investments	20,771	-
Contributions subsequent to the measurement date	131,181	-
Total	\$ 328,112	\$ 51,028

AVOUELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

8. PENSION PLAN, (Continued)

Deferred outflows of resources of \$145,903 relates 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30	
2019	\$ 80,032
2020	42,548
2021	(11,232)
2020	34,555
	\$ 145,903

9. DEFERRED COMPENSATION PLAN

Beginning in July 2000 the Clerk elected to participate in the Louisiana Public Employees Deferred Compensation Plan State of Louisiana, a component unit of the State of Louisiana. The plan offers its participants (eligible public employees) a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participant's rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Clerk's defined benefit postemployment health care plan provides OPEB (medical, dental, vision, and life insurance benefits) to eligible retired employees and their beneficiaries. The plan provides OPEB for permanent full-time employees of the Clerk. The Clerk's OPEB plan is a single employer defined benefit OPEB plan administered by the Clerk. Benefits are provided through the Louisiana Clerks of Court Insurance Trust ("LCCIT"), a multi-employer healthcare plan administered by the Louisiana Clerks of Court Association. Louisiana Revised Statute 13:783 grants the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The premium rates are established and may be amended by the LCCIT board of trustees, with the Clerk determining the contribution requirements of the retirees.

AVOUELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS, (Continued)

Benefits provided. The Clerk provides medical, dental, vision and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100% of retiree and 50% of dependent pre-Medicare health, Medicare Supplement, vision and dental insurance premiums. The plan also provides for payment of 100% of retiree life insurance premiums.

Employees covered by benefit terms. At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	9	
Inactive employees entitled to but not yet receiving benefit payments	0	
Active Employees	<u>16</u>	
Total		<u><u>25</u></u>

Total OPEB Liability

The Clerk's total OPEB liability of \$2,065,370 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary Increases, including inflation	3.00%
Discount Rate	3.13%
Health Care Cost Trend Rates	
Medical	-4.76 in first year, then 6.75%, decreasing 0.25% per year to an ultimate rate of 5.0%
Medicare Supplement	Initially 5.5%, decreasing 0.25% per year to an Ultimate rate of 3.0%. Include 2% per year for aging.
Dental	-0.69% for 2019, 3.25% for 2020, decreasing 0.25% per year to an ultimate rate of 3.0% for 2021 and later years
Vision	-9.98% for 2019, then 3.0% per year.
Retirees' Share of Benefit-Related Costs	
Medical	0% for retirees and 50% for dependents.
Medicare Supplement	0% for retirees and 50% for dependents.
Dental	0% for retirees and 50% for dependents.
Vision	100% for retirees and 100% for dependents.
Basic Life Insurance	0%

The discount rate was based on the 6/30/2019 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS, (Continued)

Mortality rates for retirees were based on the PubG.H-2010 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

The actuarial assumptions used in the June 30, 2019 valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

Changes in the OPEB Liability

	Total OPEB Liability
Balance at 6/30/2018	\$1,919,223
Changes for the year:	
Service Cost	54,113
Interest	59,868
Differences between expected and actual experience	(39,773)
Changes in Assumptions/Inputs	199,593
Change in Benefit Terms	(6,399)
Benefit payments	(121,255)
Administrative Expense	-
Net Changes	146,147
Balance at 6/30/2019	\$ 2,065,370

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent or 1-percentage-point higher (4.31 percent) than the current discount rate:

	1% Decrease 2.31%	Current Discount 3.31%	1% Increase 4.31%
Total OPEB Liability	\$2,389,878	\$2,065,370	\$1,800,994

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

	1% Decrease	Trend Discount	1% Increase
Total OPEB Liability	\$1,818,606	\$2,065,370	\$2,382,694

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana
Notes to Financial Statements, (Continued)

10. OTHER POSTEMPLOYMENT BENEFITS, (Continued)

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

For the year ended June 30, 2019, the Clerk recognized an OPEB expense of \$134,679. At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,597	\$ 34,091
Changes of assumptions or other inputs	171,080	-
Total	\$ 196,677	\$ 34,091

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

Year Ended June 30:	
2020	\$27,098
2021	\$27,098
2022	\$27,098
2023	\$27,098
2024	\$27,098
Thereafter	\$27,098

11. COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

The schedule of compensation, benefits, and other payments to Connie B. Couvillion, Clerk of Court, for the year ended June 30, 2019 follows:

Salary	\$ 148,229
Benefits - Insurance	18,873
Benefits - Retirement	30,826
Benefits - Deferred Comp	11,500
Clerk's Election Compensation	2,400
Jury Commission	375
Vehicle expenses	12,267
Registration Fees	2,600
Conference Travel	7,747
Total	\$ 234,817

12. LITIGATION

At June 30, 2019, the Avoyelles Parish Clerk of Court was not involved in any litigation other than one claim for employment discrimination which was settled by the date this report was issued. In addition, management is not aware of any unasserted claims as of the date of this report.

13. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 26, 2019, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**AVOYELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance- favorable (unfavorable)
REVENUES				
Licenses and permits	\$6,000	\$6,000	\$6,036	\$36
Fees, charges, and commissions for services:				
Court costs, fees, and charges	735,000	750,000	770,986	20,986
Fees for recording legal documents	750,000	725,000	775,717	50,717
Fees for certified copies of documents	250,000	125,000	106,999	(18,001)
Subscribed Services	70,000	50,000	45,319	(4,681)
Election fees	0	0	9,624	(9,624)
Miscellaneous	35,000	35,000	4,723	(30,277)
Use of money and property:				
Interest earnings	10,500	15,000	19,629	4,629
Total revenues	<u>1,856,500</u>	<u>1,706,000</u>	<u>1,739,034</u>	<u>33,034</u>
EXPENDITURES				
General government				
Personal service and related benefit	975,000	975,000	947,852	27,148
Operating Services	440,000	440,000	506,754	(66,754)
Materials and supplies	160,000	160,000	108,163	51,837
Travel and other charges	20,000	7,500	22,128	(14,628)
Debt service	10,000	12,000	10,986	(1,014)
Total Expenditures	<u>1,605,000</u>	<u>1,594,500</u>	<u>1,595,882</u>	<u>(1,382)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	251,500	111,500	143,152	31,652
OTHER FINANCING SOURCES (USES)				
Appropriations to other governmental units	<u>(253,600)</u>	<u>(108,600)</u>	<u>(121,558)</u>	<u>(12,958)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(2,100)	2,900	21,595	18,695
FUND BALANCES AT BEGINNING OF YEAR	<u>1,170,219</u>	<u>1,170,219</u>	<u>1,170,219</u>	<u>0</u>
FUND BALANCES AT END OF YEAR	<u>\$1,168,119</u>	<u>\$1,173,119</u>	<u>\$1,191,813</u>	<u>\$18,695</u>

**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana**

**Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

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

Formal budgetary integration within the accounting records is not employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

Schedule 2

AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana

Louisiana Clerks' of Court Retirement and Relief Fund
 Schedule of Employer's Share of Net Pension Liability
 For the Year Ended June 30, 2019*

Actuarial Valuation Date June 30th	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) As a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position As a Percentage of the Total Pension Liability
2014	.661669%	\$892,500	\$753,020	118.5%	79.37%
2015	.679539%	\$1,019,330	\$607,600	167.76%	78.13%
2016	.665685%	\$1,231,500	\$567,480	217.02%	74.17%
2017	.629038%	\$951,693	\$607,573	156.64%	79.69%
2018	.654221%	\$1,088,166	\$690,425	157.61%	79.07%

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

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

**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana**

Louisiana Clerks' of Court Retirement and Relief Fund
Schedule of Employer Pension Contributions
For the Year Ended June 30, 2019*

Actuarial Valuation Date June 30th	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contributions Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions As a % of Covered Employee Payroll
2014	\$164,910	\$164,910	-	\$753,020	21.89%
2015	\$115,444	\$115,444	-	\$607,600	19.00%
2016	\$107,821	\$107,821	-	\$567,480	19.00%
2017	\$115,439	\$115,439	-	\$607,573	19.00%
2018	\$131,181	\$131,181	-	\$690,425	19.00%

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

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

OTHER SUPPLEMENTARY INFORMATION

PART III

FIDUCIARY FUND TYPE - AGENCY FUNDS

ADVANCE DEPOSIT FUND

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

REGISTRY OF COURT FUND

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

**AVOUELLES PARISH CLERK OF COURT
MARKSVILLE, LOUISIANA
FIDUCIARY FUNDS - AGENCY FUND
COMBINING SCHEDULE OF CHANGES IN UNSETTLED DEPOSITS
FOR THE YEAR ENDED JUNE 30, 2019**

	Advance Deposit Fund	Registry of Court Fund	Total
UNSETTLED DEPOSITS AT BEGINNING OF YEAR	\$1,536,292	\$389,316	\$1,925,608
Additions:			
Deposits			
Suits and Successions	1,557,892	0	1,557,892
Judgements	0	536,607	536,607
Interest earnings on investments	0	597	597
Total Additions	<u>1,557,892</u>	<u>537,204</u>	<u>2,095,096</u>
Reductions:			
Clerk's costs (transferred to General Fund)	711,440	0	711,440
Refunds/settlements	736,968	563,598	1,300,565
Attorney, curator, and notary	17,237	0	17,237
Judge's fees	61,504	0	61,504
Sheriff's fees	184,163	0	184,163
Bonds Outstanding	6,000	0	6,000
Other reductions	38,268	597	38,865
Total Reductions	<u>1,755,579</u>	<u>564,195</u>	<u>2,319,774</u>
UNSETTLED DEPOSITS AT END OF YEAR	<u>\$1,338,605</u>	<u>\$362,325</u>	<u>\$1,700,930</u>

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

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

The Honorable Connie F. Desselle
Avoyelles Parish Clerk of Court
Marksville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities and the aggregate remaining fund information of the Avoyelles Parish Clerk of Court, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Avoyelles Parish Clerk of Court's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Avoyelles 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Avoyelles Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Avoyelles Parish Clerk of Court's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing on 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.

DUCOTE & COMPANY

Marksville, Louisiana
November 26, 2019

**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana**

**Schedule of Audit Results, Findings, and Questioned Costs
For the Year Ended June 30, 2019**

Section I – Summary of Auditors' Results

Type of auditors' report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____yes	<u> x </u> no	
Reportable condition(s) identified not Considered to be material weakness(es)	_____yes	<u> x </u> no	
Noncompliance material to financial statements noted?	_____yes	<u> x </u> no	

Section II – Summary of Current Year Audit Findings

None noted.

**AVOUELLES PARISH CLERK OF COURT
Marksville, Louisiana**

**Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019**

Finding Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken
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None reported in prior year.

Section II-Management Letter

None reported in prior year.

**AVOYELLES PARISH CLERK OF COURT
Marksville, Louisiana**

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2019**

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Management Letter Comments

None

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

The Honorable Connie C. Desselle
Avoyelles Parish Clerk of Court
Marksville, Louisiana

We have performed the procedures enumerated below, which were agreed to by Avoyelles Parish Clerk of Court 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, 2018 through June 30, 2019. The Clerk's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Clerk's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Clerk's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - e) **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 Clerk's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (5) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We reviewed the written policies and procedures for the related functions listed above. Through our review, we were able to determine that the entity has sufficient policies and procedures for all related topics except Receipts/Collections, Payroll/Personnel, Ethics, Debt Service, and Disaster Recover/Business Continuity, in which the Clerk is working currently on implementing.

Bank Reconciliations

2. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the Clerk's main operating account. Select the Clerk's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

The above procedures were not performed in the current year due to no exceptions noted in prior year testing.

Collections (Excluding EFTs)

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete.
4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
 6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliation" above. Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles for the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

The above procedures were not performed in the current year due to no exceptions noted in prior year testing.

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

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.
8. For each location selected in #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that the job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that

the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

The above procedures were not performed in the current year due to no exceptions noted in prior year testing.

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

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

The Clerk of Court only has one credit card.

11. Using the listing prepared by management, randomly select one monthly statement for each card obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. Using the monthly statements or combined statements selected under procedure #11 above, randomly select ten transactions from the statements selected and obtain supporting documentation for the For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

The above procedures were not performed in the current year due to no exceptions in prior year testing in this area.

Travel and Expense Reimbursement

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. general Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The above procedures were not performed in the current year due to no exceptions noted in prior year testing.

Contracts

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

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Payroll and Personnel

- 15. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 16. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #15 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the Clerk's cumulative leave records.
- 17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials; personnel files.

18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed by required deadlines.

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Ethics

19. Using the five randomly selected employees/officials from procedure #15 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Clerk's ethics policy during the fiscal period.

All employees completed the ethics training and certificates are maintained by the Clerk of Court. The Clerk properly documents through signature that each employee/official has read the Clerk's ethics policy during the fiscal period.

Debt Service

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The above procedures were not performed in the current year due to no exception noted in this area in prior year testing.

Other

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

The Clerk of Court office did not have any misappropriation of public funds or assets during the fiscal year.

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

The notice was available at the Clerk of Court's office bulletin board and will be added to the website when updated in the next few months.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs.

Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

DUCOTE & COMPANY
Marksville, Louisiana
November 26, 2019