

**ALLEN PARISH CLERK OF COURT**  
**Oberlin, Louisiana**

Audited Financial Statements  
and Independent Auditors' Report

For the Year Ended June 30, 2017

*Royce T. Scimemi, CPA, APAC*  
Oberlin, LA

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**INDEPENDENT AUDITORS' REPORT**

December 29, 2017

**HONORABLE GERALD HARRINGTON**  
**ALLEN PARISH CLERK OF COURT**  
Oberlin, Louisiana

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

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension liability information on pages 3 through 8 and 31 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

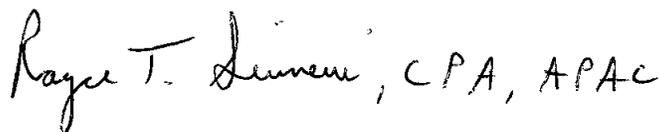
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Allen Parish Clerk of Court's basic financial statements. The combining statement of fiduciary assets and liabilities – agency funds, the combining statement of changes in fiduciary assets and liabilities – agency funds, and the schedule of compensation, benefits and other payments to chief executive officer ("other supplementary information") are presented on pages 36 through 38 for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information 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. In our opinion, the other supplementary information 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 December 29, 2017, on our consideration of the Allen Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Allen Parish Clerk of Court's internal control over financial reporting and compliance.

Royce T. Scimemi, CPA, APAC



ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis

Within this section of the Allen Parish Clerk of Court's (Clerk of Court) annual financial report, the Clerk of Court's management is pleased to provide this narrative discussion and analysis of the financial activities of the Clerk of Court for the fiscal year ended June 30, 2017. The Clerk of Court's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

### **Financial Highlights**

- The Clerk of Court's assets and deferred outflows of resources were exceeded by the Clerk's liabilities and deferred inflows of resources by the deficit amounts of \$158,779 and \$58,119 (net position) for the fiscal years ended June 30, 2017, and 2016, respectively.
- Total revenues of \$757,994 were exceeded by total expenses of \$858,654, which resulted in a fiscal year ended June 30, 2017 deficit of \$100,660. In the prior year, total revenues of \$801,273 exceeded total expenses of \$732,428, which resulted in a fiscal year ended June 30, 2016 surplus of \$68,845.
- Total net position is comprised of the following:
  - (1) Capital assets, net of related debt, of \$82,898 and \$100,352 for fiscal years ended June 30, 2017 and June 30, 2016, respectively, include furniture and equipment, net of accumulated depreciation.
  - (2) Unrestricted net position (deficits) of (\$241,677) and (\$158,471) for fiscal years ended June 30, 2017 and June 30, 2016, respectively.
- The Clerk of Court's governmental funds reported a total ending fund balance of \$399,990 this year. This compares to the prior year ending fund balance of \$450,900 reflecting a decrease of \$50,910 during the current year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$399,990 or 53% of total General Fund expenditures and 57% of total General Fund revenues.
- Overall, the Clerk of Court's office continues to maintain a strong financial position and is working to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

### **Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Clerk of Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Clerk of Court also includes in this report additional information to supplement the basic financial statements.

### **Government-Wide Financial Statements**

The Clerk of Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Clerk of Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the Clerk of Court's assets and liabilities as well as

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis (Continued)

deferred outflows of resources and deferred inflows of resources, with the difference between the assets and deferred inflows and the liabilities and deferred inflows being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Clerk of Court as a whole is improving or deteriorating. Evaluation of the overall health of the Clerk of Court's office would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Clerk of Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Clerk of Court's distinct activities or functions on revenues provided by the Clerk of Court's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Clerk of Court that are principally supported by fees for suit filings and recording legal documents. Governmental activities include providing services to the Thirty-Third Judicial District Court and the general public.

The government-wide financial statements are presented on pages 11 through 12 of this report.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Clerk of Court uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Clerk of Court's most significant fund, rather than the Clerk of Court as a whole.

The Clerk of Court uses governmental funds and fiduciary funds as follows:

*Governmental funds* are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Clerk of Court's governmental fund, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 through 17 of this report.

*Fiduciary funds* are reported in the fund financial statements and report fees and charges held on deposit pending court action and other legal events. The Clerk of Court only reports agency-type fiduciary funds.

The basic agency fund financial statement is presented on page 18 of this report.

### **Notes to the basic financial statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 19 of this report.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis (Continued)

**Other information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Clerk of Court's budget and net pension liability information. The budgetary comparison statement, the schedule of Clerk's proportionate share of net pension liability for the Clerk of Court Retirement and Relief Fund (COCRRF), and the schedule of Clerk's pension plan contributions to the COCRRF are included as "required supplementary information" for the general fund. This required supplementary information, found on pages 31 to 34 of this report, demonstrates compliance with the Clerk of Court's adopted final budget and provides data on the net pension liability.

As discussed, the Clerk of Court reports the general fund as the only major fund in the basic financial statements. The other supplementary information including the combining statement of fiduciary net assets and liabilities – agency funds, the combining statement of changes in fiduciary net assets and liabilities – agency funds, and the schedule of compensation, benefits and other payments to the chief executive officer are presented in a subsequent section of this report on pages 36 to 38.

**Financial Analysis of the Clerk of Court as a Whole**

The Clerk of Court's net position (deficit) at fiscal year-end is (\$158,779). The following table provides a summary of the Clerk of Court's net position:

	<u>2017</u>		<u>2016</u>	
	<u>Governmental Activities</u>	<u>Percentage</u>	<u>Governmental Activities</u>	<u>Percentage</u>
Assets:				
Current assets	\$416,439	83%	\$482,775	83%
Capital assets	<u>82,898</u>	<u>17</u>	<u>100,352</u>	<u>17</u>
Total assets	<u>499,337</u>	<u>100%</u>	<u>583,127</u>	<u>100%</u>
Deferred outflows of resources	<u>323,294</u>	<u>100%</u>	<u>219,089</u>	<u>-%</u>
Liabilities:				
Current liabilities	16,449	2%	31,875	4%
Long-term liabilities	<u>916,969</u>	<u>98%</u>	<u>740,290</u>	<u>96</u>
Total liabilities	<u>933,418</u>	<u>100%</u>	<u>772,165</u>	<u>100%</u>
Deferred inflows of resources	<u>47,992</u>	<u>100%</u>	<u>88,170</u>	<u>100%</u>
Net assets:				
Investment in capital assets, net	82,898	(52)%	100,352	(173)%
Unrestricted	<u>(241,677)</u>	<u>152%</u>	<u>(158,471)</u>	<u>273</u>
Total net position	<u>(\$158,779)</u>	<u>100%</u>	<u>(\$58,119)</u>	<u>100%</u>

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis (Continued)

The Clerk of Court continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratios for the Clerk of Court overall are 25:1 and 15:1 for the fiscal years ended June 30, 2017 and June 30, 2016, respectively. These ratios are strong.

Note that approximately (52%) and (173%) of the governmental activities' net position are tied up in capital assets for the fiscal years ended June 30, 2017 and June 30, 2016, respectively. The Clerk of Court uses these capital assets to provide services to the Thirty-Third Judicial District Court and the general public.

Overall, the Clerk of Court's office reports net position of (\$158,779). This deficit amount is \$100,660 larger than the previous year. The Clerk of Court's office has a net position of \$82,898 invested in capital assets, net of related debt. The Clerk of Court's overall financial position remained strong during fiscal year ended June 30, 2017.

The following table provides a summary of the Clerk of Court's changes in net position:

	<u>2017</u>		<u>2016</u>	
	Governmental		Governmental	
	<u>Activities</u>	<u>Percentage</u>	<u>Activities</u>	<u>Percentage</u>
Revenues:				
Program:				
Fees, fines and charges for services	\$705,297	93%	\$748,096	94%
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
General:				
Non-employer pension contributions	51,993	7	50,624	6
Interest and investment earnings	<u>704</u>	<u>-</u>	<u>2,553</u>	<u>-</u>
Total Revenues	<u>757,994</u>	<u>100%</u>	<u>801,273</u>	<u>100%</u>
Program expenses:				
Court administration	<u>858,654</u>	<u>100%</u>	<u>732,428</u>	100%
Total Expenses	<u>858,654</u>	<u>100%</u>	<u>732,428</u>	<u>100%</u>
Change in net position	(100,660)		68,845	
Beginning net position	<u>(58,119)</u>		<u>(126,964)</u>	
Ending net position	<u>(\$158,779)</u>		<u>(\$58,119)</u>	

***Governmental Revenues***

The Clerk of Court is heavily reliant on fees, charges and commissions for services to support its operations. Fees, charges, and commissions for services provided 93% of the Clerk of Court's total revenues. Also, note that program revenues covered 88% of governmental operating expenses.

***Governmental Functional Expenses***

The total function of the Clerk of Court's office is providing services to the Thirty-Third Judicial District Court and the general public. Of the total cost of providing such services, depreciation on the furniture and equipment was \$28,348 or 3% of total expenses.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis (Continued)

**Financial Analysis of the Clerk of Court's Funds**

*Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported an ending fund balance of \$399,990, all of which was unassigned at June 30, 2017. The unassigned fund balance decreased by \$50,910 from the previous year.

*Major Governmental Fund*

The Salary Fund, which is the General Fund, is the Clerk of Court's only operating fund and the entire source of day-to-day service delivery. The General Fund's fund balance decreased by \$50,910. In fiscal year ended June 30, 2017, revenues decreased by \$44,648 while operating expenditures decreased by \$26,341. Fees, charges, court costs, and commissions for services account for the largest change in funding for the Clerk of Court's Salary Fund operations. Fees, charges, court costs, and commissions for services in the Salary Fund decreased by \$42,986 from \$743,993 last year to \$701,007 this year.

*Budgetary Highlights*

*The Salary Fund* – When the original budget was adopted, it was anticipated that the total revenues were going to increase by \$1,100 in relation to the prior year final budget mainly due to an increase in fees, charges, court costs, and commissions for services. The original budget reflected an increase in total expenditures of \$13,583 in relation to the prior year final budget mainly due to an anticipated decrease in personal services and related benefits. The budget was not amended during the year. The actual revenues exceeded the budgeted revenues by \$19,801 or 3% and the actual expenditures were exceeded by budgeted expenditures by \$27,522 or 4%.

**Capital Assets and Debt Administration**

*Capital Assets*

The Clerk of Court's investment in capital assets, net of accumulated depreciation as of June 30, 2017, and June 30, 2016, was \$82,898 and \$100,352, respectively. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year.

The following table provides a summary of capital asset activity:

	<u>2017</u>	<u>2016</u>
Depreciable assets:		
Furniture and equipment	<u>\$575,433</u>	<u>\$ 577,258</u>
Total depreciable assets	575,433	577,258
Less accumulated depreciation	<u>492,535</u>	<u>476,906</u>
Book value-depreciable assets	<u>\$ 82,898</u>	<u>\$ 100,352</u>
Percentage depreciated	<u>86%</u>	<u>83%</u>
Book value-all assets	<u>\$ 82,898</u>	<u>\$ 100,352</u>

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana  
For the Fiscal Year Ended June 30, 2017  
Management's Discussion and Analysis (Continued)

At June 30, 2017, the depreciable capital assets for governmental activities were 86% depreciated. The book value is at 14% of the original cost. The current year additions primarily consisted of computer and server equipment, software, and date/time stamp machines.

***Long-Term Debt***

At the end of the fiscal year, the Clerk of Court had no long-term debt outstanding other than net pension liability totaling \$919,969 as discussed in Note D. During the year, the Clerk of Court neither issued nor retired any long-term debt.

**Contacting the Clerk of Court's Financial Management**

This financial report is designed to provide a general overview of the Clerk of Court's finances, comply with finance-related laws and regulations, and demonstrate the Clerk of Court's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Clerk of Court's office, Mr. Gerald Harrington, Clerk of Court at (337) 639-4351.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS  
(GWFS)

**Allen Parish Clerk of Court  
Statement of Net Position  
June 30, 2017**

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
<i>Current Assets:</i>	
Cash and certificates of deposit	\$ 356,341
Accounts receivable	60,098
<b>Total Current Assets</b>	<b>416,439</b>
<i>Noncurrent Assets:</i>	
Capital assets, net	82,898
<b>Total Assets</b>	<b>499,337</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	323,294
<b>Total Deferred Outflows of Resources</b>	<b>323,294</b>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable	6,155
Accrued liabilities	10,294
<b>Total Current Liabilities</b>	<b>16,449</b>
<i>Noncurrent Liabilities</i>	
Net pension liability	916,969
<b>Total Liabilities</b>	<b>933,418</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	47,992
<b>Total Deferred Inflows of Resources</b>	<b>47,992</b>
<b>NET POSITION</b>	
<i>Investment in capital assets, net of related debt</i>	82,898
<i>Unrestricted</i>	(241,677)
<b>Total Net Position</b>	<b>\$ (158,779)</b>

See accompanying notes.

**Allen Parish Clerk of Court**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Revenue</u>
		<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Governmental</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Activities</u>
<b>Governmental Activities:</b>					
Court administration	\$ 858,654	\$ 705,297	\$ --	\$ --	\$ (153,357)
<b>Total Governmental Activities</b>	<b>\$ 858,654</b>	<b>\$ 705,297</b>	<b>\$ --</b>	<b>\$ --</b>	<b>(153,357)</b>
<b>General Purpose Revenues:</b>					
<b>Revenues</b>					
					51,993
					704
					<u>52,697</u>
					<b>(100,660)</b>
					<u>(58,119)</u>
					<b>\$ (158,779)</b>

See accompanying notes.

FUND FINANCIAL STATEMENTS  
(FFS)

Allen Parish Clerk of Court  
Balance Sheet  
Governmental Funds  
June 30, 2017

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and certificates of deposit	\$ 356,341
Accounts receivable	60,098
<b>Total Assets</b>	<b>416,439</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 416,439</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,155
Accrued liabilities	10,294
<b>Total Liabilities</b>	<b>16,449</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>16,449</b>
<b>FUND BALANCE</b>	
Unassigned	399,990
<b>Total Fund Balance</b>	<b>399,990</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 416,439</b>

See accompanying notes.

**Allen Parish Clerk of Court**  
**Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position**  
**June 30, 2017**

Total Fund Balance - Governmental Funds	\$	399,990
Pension related changes in net pension liability that are reported as deferred inflows of resources only in the Statement of Net Position		(47,992)
Pension related changes in net pension liability that are reported as deferred outflows of resources only in the Statement of Net Position		323,294
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance:		
Capital assets, net of \$492,535 in accumulated depreciation		82,898
Net pension liability reflected on the Statement of Net Position not in governmental funds balance sheet		(916,969)
<b>Total Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>(158,779)</u></b>

See accompanying notes.

**Allen Parish Clerk of Court**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	<b>General Fund</b>
<b>Revenues</b>	
Licenses and permits	\$ 4,290
Fees, charges, court costs, and commissions for services	138,968
Fees for recording legal documents	516,383
Fees for certified copies, copies, scans, and faxes	45,656
Interest income	704
<b>Total Revenues</b>	<b>706,001</b>
<b>Expenditures</b>	
Current:	
Personal services and related benefits	621,842
Operating services	88,330
Materials and supplies	35,663
Capital outlays	11,076
<b>Total Expenditures</b>	<b>756,911</b>
<b>Net Change in Fund Balance</b>	<b>(50,910)</b>
<i>Fund Balance at Beginning of Period</i>	450,900
<b>Fund Balance at End of Period</b>	<b>\$ 399,990</b>

See accompanying notes.

**Allen Parish Clerk of Court**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance to Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

Total Net Change in Fund Balances - Governmental Funds	\$	(50,910)
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.		11,076
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.		(28,348)
Contributions to retirement system by non-employers.		51,993
Pension expense is based on employer contributions in the government funds Statement of Revenues, Expenditures, and Changes in Net Position and actuarial calculated expense on the Statement of Activities.		(84,289)
Basis in assets disposed of during the year.		(182)
<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>(100,660)</u></b>

See accompanying notes.

**ALLEN PARISH CLERK OF COURT**

**Statement of Fiduciary Assets and Liabilities - Agency Funds**

**June 30, 2017**

ASSETS

Non-interest-bearing demand deposits	\$ 516,181
Interest-bearing demand deposits	329,234
Time deposits/Certificates of deposit	<u>201,098</u>

TOTAL ASSETS

\$ 1,046,513

LIABILITIES

Due to litigants and others

\$ 1,046,513

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements

June 30, 2017

A. Summary of Significant Accounting Policies

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

The accounting and reporting policies of the Clerk of Court conform to generally accepted accounting principles as applied to governments and to the requirements of the industry audit guide, *Audits of State and Local Governments*. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

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

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

- a. Appointing a voting majority of an organization's governing body, and
  - (i) the ability of the police jury to impose its will on that organization, and/or
  - (ii) the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
- b. Organizations for which the police jury does not appoint a voting majority but which are fiscally dependent on the police jury.
- c. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury provides financial benefits that make the Clerk of Court fiscally dependent, the Clerk of Court was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the police jury, the general

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity. The Clerk of Court has no component units.

2. Basis of Presentation

The accompanying basic financial statements of the Allen Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Clerk of Court as a whole. They include all funds of the Clerk of Court, except the fiduciary funds. Governmental activities are generally financed through user fees and charges, as well as other nonexchange revenues. Fiduciary funds are reported only in the statement of fiduciary assets and liabilities at the fund financial statement level.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Clerk of Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk of Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds. A fund is considered major if it is the primary operating fund of the Clerk of Court or if the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding total for all governmental funds combined.

The Clerk of Court reports the following governmental and agency funds:

Salary Fund. The Salary Fund, as provided by Louisiana Revised Statute 13:781, is the General Fund of the Allen Parish Clerk of Court and is the governmental fund used to account for the operations of the Clerk of Court's office. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operation expenditures are paid from this fund.

Agency Funds. The Advance Deposits, Registry of Court, Juvenile Support and Civil Jury Agency Funds are used to account for assets held by the Clerk as an agent for third parties, including other

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

governments, litigants, other persons, or other funds. Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, the governmental activities are presented using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of whether cash is received or disbursed). In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting.

The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Court costs, other charges for services and miscellaneous revenues are recorded in the year in which they are received in cash because they are generally not measurable until actually received. Interest income is accrued when the receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

Expenditures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Capital expenditures are regarded as expenditures at the time of purchase.

4. Budgetary Accounting

A budget for the General Fund is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally prepared or as amended by the Clerk of Court. The budget was not amended during the year.

5. Capital Assets

Capital assets, which include furniture and equipment, are reported in the governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture and Equipment	5-20 years
-------------------------	------------

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Cash and Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

7. Bad Debts

Uncollectible amounts due for receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

8. Vacation and Sick Leave

Employees of the Clerk of Court's office earn one to three weeks of vacation and 12 days of sick leave each year. Vacation and sick leave must be used in the calendar year earned. At June 30, 2017, the employees of the Clerk of Court have no accumulated and vested leave benefits required to be reported in accordance with GASB No. 16.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

9. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Allen Parish Clerk of Court as an extension of formal budgetary integration in the funds.

10. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

11. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in four components:

- a. 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.
- b. 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.
- c. Unrestricted net position - All other net position that do not meet either of the above definitions.

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulation of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Clerk, who is the highest level of decision-making authority for the Allen Parish Clerk of Court. Commitments may be established, modified, or rescinded only by the Clerk.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Clerk's adopted policy, only the Clerk may assign amounts for specific purposes.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

- e. Unassigned – includes fund balances which have not been classified within the above categories.

The Clerk typically uses restricted fund resources first, followed by committed, and assigned as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources and to defer the use of these other classified funds.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Clerk of Court Retirement and Relief Fund (COCRRF) and additions to/deductions from COCRRF's fiduciary net position have been determined on the same basis as they are reported by COCRRF. 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.

13. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

B. Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds with a fiscal agent bank located in the parish or congressional district that is organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Clerk of Court may also invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Clerk of Court has cash and cash equivalents (book balances) totaling \$ 1,402,854, as follows:

	First Federal <u>Bank</u>	Capital One <u>Bank</u>	Iberia <u>Bank</u>	Sabine State Bank & Trust <u>Company</u>	<u>Totals</u>
Demand deposits:					
Non-interest-bearing	\$ 494,394	\$ -	\$ 21,787	-	516,181
Interest-bearing	328,939	172	123	255,968	585,202
Time deposits	-	-	201,098	100,373	301,471
Total	<u>\$ 823,333</u>	<u>\$ 172</u>	<u>\$ 223,008</u>	<u>\$ 356,341</u>	<u>\$1,402,854</u>

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Clerk's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) at June 30, 2017, are secured as follows:

	First Federal Bank	Capital One Bank	Iberia Bank	Sabine State Bank & Trust Company	Totals
Bank balances	\$ 904,273	\$ 878	\$ 254,138	\$ 372,927	\$1,532,216
Securities pledged (Category 3)	692,920	-	-	216,892	909,812
Federal deposit insurance	<u>500,000</u>	<u>878</u>	<u>254,138</u>	<u>250,000</u>	<u>1,005,016</u>
	<u>1,192,920</u>	<u>-</u>	<u>254,138</u>	<u>466,892</u>	<u>1,914,828</u>
Over (Under) secured deposits	<u>\$ 288,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,965</u>	<u>\$ 382,612</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Clerk of Court's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

C. Capital Assets

A summary of changes in capital assets follows:

	Balance 06/30/16	Additions	Deletions	Balance 06/30/17
Governmental Activities:				
Furniture, fixtures and equipment	\$577,258	\$ 11,076	\$ 12,901	\$575,433
Less: accumulated depreciation	<u>476,906</u>	<u>28,348</u>	<u>12,719</u>	<u>492,535</u>
Capital assets, net	<u>\$100,352</u>	<u>\$ (17,272)</u>	<u>\$ 182</u>	<u>\$ 82,898</u>

Depreciation expense for the year ended June 30, 2017 was \$28,348.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

D. Pension Plan

Louisiana Clerks of Court Retirement and Relief Fund:

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

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 (age 60 if hired after 2010) with at least 12 years of credited service are entitled to retirement benefits, payable monthly for life, equal to 3.33% (3% if hired after 2010) of their final-average salary for each year of credited service, 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. The system also provides death and disability benefits as well as a deferred retirement option plan (DROP). Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 10202 Jefferson Highway, Bldg. A, Baton Rouge, Louisiana 70809, or by calling (225) 293-1162.

*Funding Policy.* Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Allen Parish Clerk of Court is required to contribute an actuarially determined rate. The current employer rate is 19% of annual covered payroll. However, the Clerk of Court also funded one hundred percent of the 8.25% employees' contributions. Contributions to the system also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Allen Parish Clerk of Court are established and amended by 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 Allen Parish Clerk of Court's contributions for both the employer and employee portions to the system for the years June 30, 2017, 2016, 2015, were \$123,508, \$123,284, and \$121,475, respectively, equal to the required contributions for each year.

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

At June 30, 2017, the Clerk reported a liability of \$916,969 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability 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 municipalities, actuarially determined. At June 30, 2016, the Clerk's proportion was 0.495666%, which was an increase of 0.002150% from its proportion measured as of June 30, 2015.

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

For the year ended June 30, 2017, the Clerk recognized pension expense of \$132,998. At June 30, 2017, the Clerk recognized deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,358	\$ 31,211
Changes of assumptions	56,474	-
Net difference between projected and actual earnings on pension plan investments	158,208	-
Changes in proportion and differences between Clerk contributions and proportionate share of contributions	13,138	16,781
Clerk contributions subsequent to the measurement date	<u>86,116</u>	<u>-</u>
Total	<u>\$ 323,294</u>	<u>\$ 47,992</u>

The \$86,116 reported as deferred outflows of resources related to pensions resulting from the Clerk contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	40,850
2019	40,850
2020	63,021
2021	44,465
Thereafter	<u>-</u>
Total	<u>\$ 189,186</u>

*Actuarial assumptions.* The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	Net of investment expense, including inflation
Expected Remaining Service Lives	5 years
Salary Increases	5.00%
Mortality Rates	RP-2000 Employee Table, RP-2000 Disabled Lives Mortality Table, and RP-2000 Healthy Annuitant Table

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce credible experience. The aggregated data was collected over a 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 System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

set-back of standard tables. The rest of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 of the Clerk's proportionate share of pension liability to changes in the discount rate.* The following presents the Clerk's proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Clerk's proportionate share of the net pension liability	\$1,304,830	\$916,969	\$587,753

E. Expenditures of the Clerk of Court Paid by the Allen Parish Police Jury

The Clerk of Court's office is located in the Allen Parish Courthouse. The Allen Parish Police Jury pays for the upkeep and maintenance of the courthouse.

F. Receivables

The receivables balance of \$60,098 at June 30, 2017 is comprised of the following:

Certified copies, copies, scans and faxes	1,545
Civil Jury Fund	570
Court attendance	680
Juvenile support fees	26,922
Miscellaneous	109
Mortgage certificates	542
Recordings	6,805
Suits & Successions	<u>22,925</u>
Total	<u>\$60,098</u>

G. Long-Term Leases

The Allen Parish Clerk of Court previously contracted for a five-year operating lease with Pitney Bowes for the use of mailing equipment. This lease was renewed in September, 2016 for 60 months at \$366.56 per month, payable in arrears at \$1,099.68 per quarter. During the year ended

ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Notes to Basic Financial Statements-Continued

June 30, 2017

June 30, 2017, quarterly rental payments under this long-term lease amounted to \$4,433 (1 x \$3,400 and 3 x \$1,099.68).

The Allen Parish Clerk of Court previously contracted for a five-year operating lease with Xerox for the use of copy equipment. During the year ended June 30, 2017, monthly rental payments and accruals under this long-term lease amounted to \$2,9,02 (12 x \$241.87). This lease is set to expire May 31, 2018.

Future minimum lease payments, by year, and in aggregate at June 30, 2017 are:

Year Ended	Amount
<u>June 30</u>	
2018	6,576
2019	4,399
2020	4,399
2021	4,399
2022	1,100
Thereafter	0
Total	<u>\$ 20,873</u>

H. Excess Fund Balance

Louisiana Revised Statute 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 of Court's last year of his term of office. At June 30, 2017 there was no amount due the parish treasurer as this was not the last year of the Clerk of Court's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

I. Risk Management

The Allen Parish Clerk of Court is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Allen Parish Clerk of Court maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Allen Parish Clerk of Court. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

J. Subsequent Review

The Allen Parish Clerk of Court has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**Allen Parish Clerk of Court**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Licenses and permits	\$ 3,600	\$ 3,600	\$ 4,290	\$ 690
Fees, charges, court costs, and commissions for services	125,500	125,500	138,968	13,468
Fees for recording legal documents	512,600	512,600	516,383	3,783
Fees for certified copies, copies, scans, and faxes	44,000	44,000	45,656	1,656
Interest income	500	500	704	204
<b>Total Revenues</b>	<u>686,200</u>	<u>686,200</u>	<u>706,001</u>	<u>19,801</u>
<b>Expenditures</b>				
Current:				
Personal services and related benefits	630,633	630,633	621,842	8,791
Operating services	94,400	94,400	88,330	6,070
Materials and supplies	33,400	33,400	35,663	(2,263)
Capital outlays	26,000	26,000	11,076	14,924
<b>Total Expenditures</b>	<u>784,433</u>	<u>784,433</u>	<u>756,911</u>	<u>27,522</u>
<b>Net Change in Fund Balance</b>	<b>(98,233)</b>	<b>(98,233)</b>	<b>(50,910)</b>	<b>47,323</b>
<i>Fund Balance at Beginning of Period</i>	<u>450,900</u>	<u>450,900</u>	<u>450,900</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<b>\$ 352,667</b>	<b>\$ 352,667</b>	<b>\$ 399,990</b>	<b>\$ 47,323</b>

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
 General Fund  
 Schedule of Clerk's Proportionate Share of  
 Net Pension Liability  
 Clerk of Court Retirement and Relief Fund (COCRRF)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Clerk's proportion of the net pension liability (asset)	0.495666%	0.493516%	0.511323%	0.495268%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Clerk's proportionate share of the net pension liability (asset)	\$916,969	\$740,290	\$689,704	\$818,063	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Clerk's covered-employee payroll	\$452,418	\$446,482	\$439,834	\$427,393	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Clerk's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	202.68%	165.81%	156.81%	191.41%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable
Plan fiduciary net position as a percentage of the total pension liability	74.17%	78.13%	79.37%	72.86%	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable	Unavailable

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
 General Fund  
 Schedule of Clerk's Pension Plan Contributions  
 Clerk of Court Retirement and Relief Fund (COCRRF)

Last 10 Fiscal Years

Fiscal Year Ended June 30:	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 86,116	\$ 85,959	\$ 84,832	\$ 81,369	\$ 73,725	\$ 71,596	\$ 70,666	Unavailable	Unavailable	Unavailable
Contributions in relation to the contractually required contribution	(86,116)	(85,959)	(84,832)	(81,369)	(73,725)	(71,596)	(70,666)	Unavailable	Unavailable	Unavailable
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Unavailable	Unavailable	Unavailable
Clerk's covered-employee payroll	453,242	\$452,418	\$446,482	\$439,834	\$427,393	\$415,050	\$383,155	Unavailable	Unavailable	Unavailable
Contribution as a percentage of cover-employee payroll	19.00%	19.00%	19.00%	18.50%	17.25%	17.25%	18.44%	Unavailable	Unavailable	Unavailable

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
General Fund

Notes to Required Supplementary Information  
for the Year Ended June 30, 2017

Clerk of Court Retirement and Relief Fund

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

*Changes in Proportion.* Changes in employer's proportionate share 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 a straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employers that are provided pensions through the pension plan.

OTHER SUPPLEMENTARY INFORMATION

ALLEN PARISH CLERK OF COURT  
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds

June 30, 2017

	<u>Advance Deposits Fund</u>	<u>Registry of Court Fund</u>	<u>Juvenile Support Fund</u>	<u>Civil Jury Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Non-interest bearing demand deposits	\$494,394	\$ 21,787	\$ -	\$ -	\$ 516,181
Interest-bearing demand deposits	295	297,885	30,484	570	329,234
Time deposits/Certificates of deposit	<u>201,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,098</u>
<b>TOTAL ASSETS</b>	<u>\$ 695,787</u>	<u>\$ 319,672</u>	<u>\$ 30,484</u>	<u>\$ 570</u>	<u>\$ 1,046,513</u>
<b>LIABILITIES</b>					
Due to litigants and others	<u>\$ 695,787</u>	<u>\$ 319,672</u>	<u>\$ 30,484</u>	<u>\$ 570</u>	<u>\$ 1,046,513</u>

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds

Year Ended June 30, 2017

	<u>Advance Deposits Fund</u>	<u>Registry of Court Fund</u>	<u>Juvenile Support Fund</u>	<u>Civil Jury Fund</u>	<u>Total</u>
Balances, beginning of year	\$ 773,934	\$ 164,698	\$ 26,296	\$ 570	\$965,498
Additions:					
Suits and successions	452,385	182,958	-	4,906	640,249
Fines and costs	-	-	30,482	-	30,482
Interest	410	16	2	-	428
Total Additions	<u>452,795</u>	<u>182,974</u>	<u>30,484</u>	<u>4,906</u>	<u>671,159</u>
Subtotal	1,226,729	347,672	56,780	5,476	1,636,657
Reductions					
Deposits settled to –					
State agencies	10,661	-	-	-	10,661
Sheriffs	37,219	-	3,511	-	40,730
AP Clerk of Court Salary Fund	268,537	-	22,785	-	291,322
Other Clerks of Court	844	-	-	-	844
Judges' Supplemental Fund	12,152	-	-	-	12,152
Jury Fees & Costs	-	-	-	4,906	4,906
Litigants and attorneys	201,457	28,000	-	-	229,457
Other reductions	72	-	-	-	72
Total Reductions	<u>530,942</u>	<u>28,000</u>	<u>26,296</u>	<u>4,906</u>	<u>590,144</u>
Balances, end of year	<u>\$ 695,787</u>	<u>\$ 319,672</u>	<u>\$ 30,484</u>	<u>\$ 570</u>	<u>\$ 1,046,513</u>

See accompanying notes.

ALLEN PARISH CLERK OF COURT  
 Schedule of Compensation, Benefits and Other Payments to  
 Chief Executive Officer  
 For the Fiscal Year Ended June 30, 2017

Chief Executive Officer: Gerald Harrington, Allen Parish Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$146,251
Benefits-insurance	1,136
Benefits-retirement	39,853
Benefits-cell phone	477
Car allowance	-0-
Vehicle provided by government	3,963
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	250
Conference travel	169
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See accompanying notes.

**ROYCE T. SCIMEMI, CPA, APAC**  
**Certified Public Accountant**



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

December 29, 2017

**HONORABLE GERALD HARRINGTON**  
**ALLEN PARISH CLERK OF COURT**  
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Allen Parish Clerk of Court, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Allen Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 29, 2017.

**Internal Control Over Financial Reporting**

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

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

Honorable Gerald Harrington  
Allen Parish Clerk of Court  
December 29, 2017  
Internal Control and Compliance Report  
Page 2.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Item 2017-1 I/C & C, that we consider to be a serious deficiency.

### **Compliance and Other Matters**

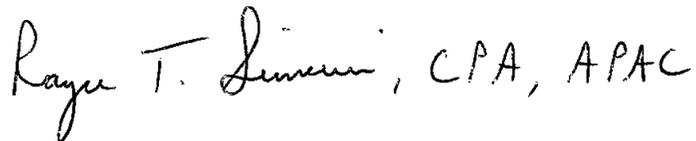
As part of obtaining reasonable assurance about whether Allen Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as Item 2017-1 I/C & C.

### **Purpose of this Report**

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

This report is intended solely for the information and use of management, others within the entity, 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 of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC



ALLEN PARISH CLERK OF COURT  
Oberlin, Louisiana

Schedule of Findings and Responses

Year Ended June 30, 2017

1) Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

2) Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

2017-1 I/C & C

Excess Sick Time Paid

Criteria: The Clerk's sick pay policy allows each employee twelve sick days per calendar year. One employee was paid for fifteen sick days in excess of the policy allowance, or \$1,465, during the calendar year of 2016.

Cause: Oversight of management in monitoring time and leave administration.

Effect: Possible violation of the Article 7, Section 14 of the Louisiana Constitution.

Recommendation: The Clerk should closely monitor employee time and leave days taken to ensure adequate documentation demonstrating compliance with approved payroll policies is obtained.

Response: The Clerk will closely monitor employee time and leave days taken to ensure adequate documentation demonstrating compliance with approved payroll policies is obtained.

3) Findings and Questioned Costs for Federal Awards

N/A

4) Prior Year Findings:

There were no prior year findings.

# ROYCE T. SCIMEMI, CPA, APAC



## CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Gerald Harrington,  
Allen Parish Clerk of Court  
Oberlin, Louisiana

December 29, 2017

We have performed the procedures enumerated below, which were agreed to by management of the Allen Parish Clerk of Court (Clerk) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The 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 the Clerk's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Clerk does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

***All addressed without exception.***

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.

***All addressed without exception.***

c) ***Disbursements***, including processing, reviewing, and approving.

***All addressed without exception.***

d) **Receipts**, including receiving, recording, and preparing deposits.

**All addressed without exception.**

e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**All addressed without exception.**

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.

**All addressed without exception.**

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.

**All addressed without exception.**

h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

**All addressed without exception.**

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. Note: Ethics requirements are not applicable to nonprofits.

**All address without exception.**

j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**No policy was provided and no debt was incurred during the current fiscal year (Exception).**

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

---

2. Obtain and review the council minutes for the fiscal period, and:

a) Report whether the managing council met (with a quorum) at least monthly, or on a frequency in accordance with the council's enabling legislation, charter, or other equivalent document.

**Since the Clerk is an elected official with complete executory control over his office, there is no council or legislative committees and this section is not applicable.**

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Clerk's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one council meeting during the fiscal period reflect that the council is monitoring the plan.

**Not applicable.**

c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Not applicable.**

### **Bank Reconciliations**

---

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

***The listing was provided by management.***

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

- a) Bank reconciliations have been prepared;

***Each bank account selected was reconciled without exception.***

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

***The Clerk, who is involved in most transactions associated with all bank accounts, reconciles the bank accounts and there was no documentation that another member of management reviews the reconciliations (Exception).***

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

***There was no proof of research for checks outstanding more than six months and there are numerous outstanding checks in various bank accounts (Exception).***

### **Collections**

---

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

***The listing was provided by management.***

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

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

***Each of the eleven employees that are responsible for handling cash are not bonded (Exception). (2) Two of the employees who collect cash are responsible for depositing the cash in the bank (Exception). Each person responsible for collecting cash is also recording the transaction through an integrated cash collection/accounting system (Exception). The Clerk is the only person to record deposits in the accounting system and reconciles the bank account. He does not collect cash or make deposits (Compensating Control). (3) All of the employees that collect payments share one drawer (Exception).***

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

***The Clerk's office has a formal process to reconcile cash collections by revenue source by an employee who is also responsible for cash collections (Exception). However, the Clerk records cash collections in the accounting system/general ledger and is not responsible for cash collections (Compensating Control).***

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

***All deposits were made within one day except for the money collected on Friday. Friday's money was not deposited until that following Monday (Exception). Money is kept in a locked cash box in the locked vault overnight.***

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

***No evidence of exceptions was found during the testing.***

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

***The Clerk's policies include some of the processes specifically defined to determine completeness of all collections, but they are generally performed by persons who are responsible for collections (Exception).***

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

---

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

***The listing was provided by management.***

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

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

***Five of the transactions tested were recurring. Fourteen of the disbursements were checks written from the Advance Deposit Account and the amounts were calculated using the Clerk's computer system (Compensating Controls). No purchase order system was used for non-recurring purchases of products that were delivered to the Clerk, but the Clerk did verbally approve the purchase requests (Exception). Without a purchase order system, there is no evidence that there is separation from initiation of the purchase to approval.***

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

***No purchase orders were used with any of the transactions tested. There was no documentation that separated the person initiating the purchase to the one approving the purchase. (Exception).***

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

***Twenty-two of the transactions tested were either recurring, no products were delivered, or no receiving report was obtained/appropriate. Of the three product purchases, no purchase order was issued and the person who initiated the purchase also reviewed the goods received (Exception). The Clerk verbally approved the purchases and also approved the payment after receiving an invoice confirming that the goods were properly billed and completely received.***

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

***The Clerk has the authority perform accounts payable payment processing and add vendors to the Clerk's system (Exception).***

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

***The Clerk has signatory authority and authorization for disbursements. He can also initiate and record purchases (Exception). Two other employees have signature authority but do not have final authorization nor do they initiate purchases.***

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

***The Clerk's checks are printed on blank check stock. The Clerk and the other employees that have signatory authority have access to the checks that are not restricted and are not in a locked location (Exception).***

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

***The Clerk does not use signature stamps. Checks are always maintained under the control of the signer until mailed (Exception).***

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

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

***The listing was provided by management.***

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

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

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

***On the months tested, supporting documentation was not reviewed by anyone besides the Clerk who is the authorized card holder (Exception).***

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

***No finance charges and/or late fees were assessed on the month tested.***

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased).

***Each transaction was supported by an original itemized receipt except for gas purchases on the gas card which showed transactions without itemized receipts (Exception).***

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

***Documentation of business/public purpose was provided in each instance except for the fuel card which is used by the Clerk for operations (Exception). No meals were purchased in the month tested.***

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

***No other documentation was required by written policy.***

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

***No transactions that were tested reflected failures to comply with the Clerk's written policies, nor were any transaction for \$10,000 or more requiring compliance with the Louisiana Public Bid Law.***

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

***No evidence of noncompliance noted in the transactions tested.***

### ***Travel and Expense Reimbursement***

---

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

***Management provided the requisite list.***

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

***During the 2016 and 2017 calendar year, the Clerk's policy utilized a standard mileage rate of 57.5 cents per mile for travel reimbursement while the applicable GSA rate was 53.5 cents per mile in 2016 and 54.5 cents a mile in 2017 (Exception). The Clerk's written policy allows for the Clerk to authorize the actual cost of a single occupancy room when the traveler is staying at the designated conference hotel (Exception).***

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

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

***All expense reimbursements tested were in accordance with the Clerk's written policy.***

b) Report whether each expense is supported by:

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

***Itemized receipts were provided for all expenses tested that identified what was purchased other than per diem amounts reimbursed based on the established per diem policy without exception.***

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

***Each expense was supported by documentation of business purpose without exception.***

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

***Documentation in accordance with written policies was provided without exception.***

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

***The Clerk's documentation of business/public purpose for tested expenses appeared to comply with the requirements of Article 7, Section 14 of the Louisiana Constitution.***

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

***Each expense tested was supported by documentation of review and approval in writing by someone other than the traveler except where the Clerk was the traveler (Exception).***

## **Contracts**

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

***Management provided the listing.***

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

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

**Two of the five agreements tested were supported by written contracts including service arrangements and the amount paid without exception. The other three were for small purchases or for services for which no contract was provided (Exception)**

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Clerk complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

**None of the contracts were subject to the Louisiana Public Bid Law or Procurement Code.**

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

**None of the contracts had solicited quotes documentation provided as a best practice.**

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

**None of the contracts were amended.**

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

**The largest payments from each of the two contracts were in compliance with the terms and conditions of the contracts.**

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

**Not applicable since there is no or council or legislative decision-making body.**

#### **Payroll and Personnel**

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

**The listing was provided by management.**

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

**For the selected employees, no employment contract or pay rate structures were updated in personnel files and only the hiring salary was given (Exception). However, the Clerk is an autonomous elected official with complete executory authority to set pay rates for each employee.**

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

**Of the five employees selected, there were two changes to hourly pay rate/salaries at the beginning of the fiscal year without documented approval in their personnel files (Exception). However, the Clerk is an autonomous elected official with complete executory authority to change pay rates for each employee.**

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

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

**All employees tested had documentation of daily attendance and leave.**

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

***There was no written documentation that supervisors approved attendance and leave for the four tested employees (Exception).***

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

***The Clerk maintained written leave records reflecting the hours earned and the hours used, but not the balance available (Exception).***

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

***No employee was terminated during the fiscal year.***

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

***Documentation reflected that payroll tax return/reports were timely filed and all payroll taxes and retirement contributions were timely paid and submitted for the fiscal year without exception.***

#### ***Ethics***

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

***All employees obtained the documentation of completion of the required one-hour ethics training on the Code of Governmental Ethics as required by Louisiana Revised Statute 42:1170 (3)(a)(j).***

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

***Management was not notified of any alleged or actual ethics violations during the fiscal period.***

#### ***Debt Service***

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

***No debt was issued during the fiscal period.***

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

***No outstanding debt was payable during the fiscal year.***

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

***The Clerk did not have tax millages related to debt service payments.***

**Other**

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

**Management informed us that the Clerk did not have any misappropriation of public funds or assets during the fiscal year.**

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

**The Clerk did have the required notice posted in a conspicuous place upon its premises and its website.**

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

**The practitioner did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.**

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.

Royce T. Scimemi, CPA, APAC

