

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

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SHREVEPORT, LOUISIANA**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mike Spence
Caddo Parish Clerk of Court
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and each fiduciary fund type of the Caddo Parish Clerk of Court (Clerk of Court), Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 and the *Louisiana Governmental Audit Guide*. 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, the major fund, and each fiduciary fund type of the Caddo Parish Clerk of Court, as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information Part I

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed as "Required Supplementary Information Part I" in the table of contents, 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 management's discussion and analysis 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.

Required Supplemental Information Part II and Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Clerk of Court's basic financial statements. The "Required Supplementary Information Part II", as listed in the table of contents and the accompanying financial information listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The "Required Supplemental Information—Part II" and the accompanying "Other Supplemental Information" are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued our report dated December 28, 2018, on our consideration of the Caddo 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Caddo Parish Clerk of Court's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 28, 2018 on the results of those procedures, in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Governmental Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agrees-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana

December 28, 2018

REQUIRED SUPPLEMENTAL INFORMATION- PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Caddo Parish Clerk of Court, Shreveport, Louisiana, (hereafter referred to as the Clerk of Court) we offer the readers of the Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Clerk of Court as of and for the year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Clerk of Court's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

Total revenues for the year ended June 30, 2018, increased 21.80% (\$1,840,347).

At June 30, 2018, the total liabilities and deferred inflows of resources of the Clerk of Court exceeded the total assets and deferred outflows of resources with a deficit of (\$25,938,482) (net position) an increase of \$45,270 compared to the prior year's ending net position (deficit) of (\$25,983,752), restated.

Net pension liability decreased \$1,153,699 (17.89%) from \$6,449,602 at June 30, 2017, to \$5,295,903 at June 30, 2018.

In the year ended June 30, 2018 the Clerk of Court adopted GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" (See Note 7 in the Notes to the Financial Statements) Implementation of the GASB required a restatement to prior net position due to a change in accounting principles. The restatement reduced net position due to the increase in net OPEB liability by \$17,263,782. The unfunded liability increased from \$27,906,509 for year ended June 30, 2017 to \$29,121,407 at June 30, 2018.

The Clerk of Court's total general and program revenues were \$10,280,482 during the year ended June 30, 2018, compared to \$8,440,135 during year ended June 30, 2017.

During the year ended June 30, 2018, the Clerk of Court's total expenses, excluding depreciation, was \$10,004,613, compared to \$9,475,156 during year ended June 30, 2017. Depreciation expense was \$230,599 in 2018 and \$231,569 in 2017.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Clerk of Court's basic financial statements. The Clerk of Court's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Clerk of Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Clerk of Court's financial position, which assists users in assessing the Clerk of Court's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the Clerk of Court as well as all liabilities. The government-wide financial statements include two statements:

- The *statement of net position* presents all of the Clerk of Court's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Clerk of Court's net position may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or deteriorating.
- The *statement of activities* presents information showing how the Clerk of Court's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The funds of the Clerk of Court can be divided into two categories; governmental funds and fiduciary funds.

- *Governmental funds.* The services provided by the Clerk of Court are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Clerk of Court's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Clerk of Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Clerk of Court.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Clerk of Court's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Clerk of Court has one governmental fund; the General Fund (*Salary Fund*) which is classified as a major fund.

The governmental fund financial statements can be found immediately following the government-wide financial statements.

- *Fiduciary funds.* Fiduciary funds, which consist solely of agency funds, are used to account for resources held for the benefit of parties outside of the government. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Clerk of Court's fiduciary activities are reported in a separate statement of fiduciary net position and a schedule of changes in fiduciary unsettled deposits. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the Clerk of Court's own programs. The fiduciary funds use the accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the governmental fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance of the General Fund as presented in the governmental fund financial statements. Following the required supplementary information is other supplementary information that is provided to show additional details.

Other Supplementary Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

Net position may serve over time as a useful indicator of the Clerk of Court's financial position. As of June 30, 2018, the Clerk of Court's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by a deficit of \$25,938,482. Comparatively, as of the June 30, 2017, the Clerk of Court's financial statements report that liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$25,983,752, restated. These deficits in net position were caused primarily by the adoption of GASB 68 and 71 requiring recognition of the Clerk of Court's net pension liability and the adoption of GASB 75 increasing other postemployment obligations.

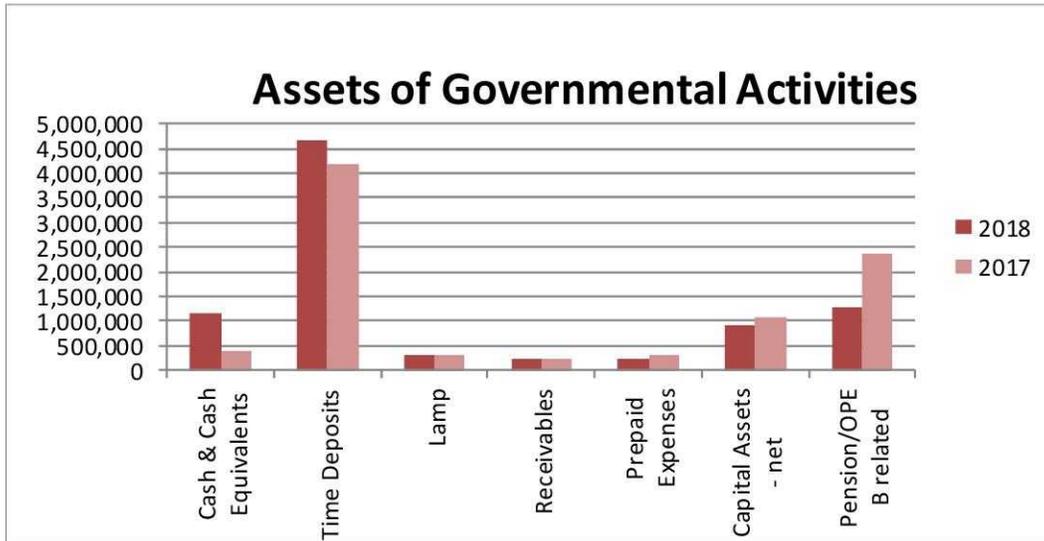
The Clerk of Court continues to maintain a high level of liquidity with \$5,349,149 deposited in demand deposits and certificates of deposit with various financial institutions as of June 30, 2018, compared to \$4,565,364 at the end of the prior year. The Clerk of Court also has deposits with the Louisiana Asset Management Pool, Inc. totaling \$825,000 at June 30, 2018, compared to similar deposits of \$325,000 at June 30, 2017. All certificates of deposit have maturities of one year or less when purchased and deposits with the Louisiana Asset Management Pool, Inc. may be withdrawn at any time without penalty. The Clerk of Court had combined cash, cash equivalents, and investments of \$6,174,149 and \$4,890,364 at June 30, 2018 and 2017, respectively.

At June 30, 2018, \$932,559 of the of the Clerk of Court's net position reflects capital assets with a historical cost of \$3,151,889 and accumulated depreciation of \$2,219,330 compared to \$1,061,600 of net position for the prior year with a historical cost of \$3,050,331 and accumulated depreciation of \$1,988,731.

The remaining net position is unrestricted and may be used to meet the Clerk's ongoing obligations to the citizens of Caddo Parish. As of June 30, 2018, the Clerk of Court had a deficit unrestricted net position.

Caddo Parish Clerk of Court's Net Position

	2018	2017 (Restated)
Assets:		
Current assets	\$ 1,651,656	\$ 938,332
Investments	5,000,000	4,500,000
Capital assets, net of accumulated depreciation	932,559	1,061,600
Total assets	7,584,215	6,499,932
Deferred Outflows of Resources:		
Pension related	1,258,129	2,359,995
OPEB related	24,856	-
Total assets and deferred outflows of resources	\$ 8,867,200	\$ 8,859,927
Liabilities:		
Current liabilities	\$ 248,381	\$ 263,161
Long-term liabilities outstanding		
Net pension liability	5,295,903	6,449,602
Other postemployment obligations	29,121,407	27,906,509
Total liabilities	34,665,691	34,619,272
Deferred Inflows of Resources		
Pension related	139,991	224,407
Net Position		
Net investment in capital assets	932,559	1,061,600
Unrestricted	(26,871,041)	(27,045,352)
Total net position (deficit)	(25,938,482)	(25,983,752)
Total liabilities, deferred inflows of resources, and net position	\$ 8,867,200	\$ 8,859,927



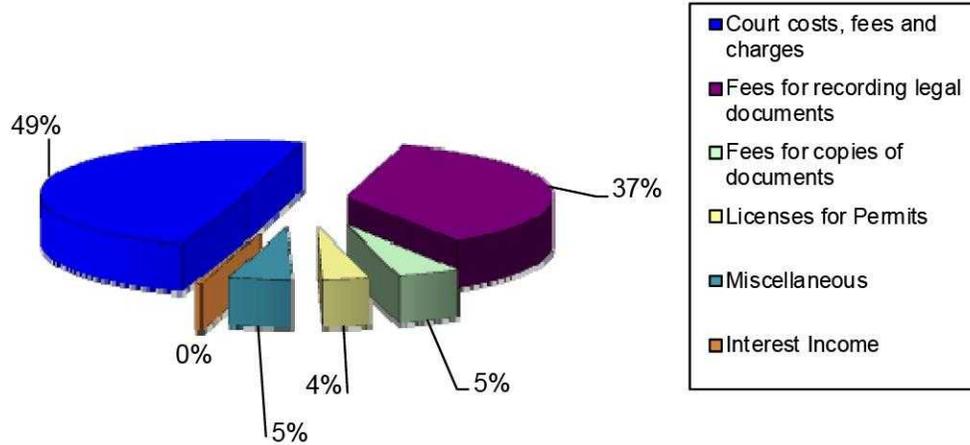
Changes in Net Position

The Clerk of Court's net position increased by \$45,270 or 0.17% during the year ended June 30, 2018, compared to a decrease of \$1,266,590 or 16.99% during the prior year. Approximately 95.35% (\$9,802,893) of the Clerk of Court's total revenues were derived through charges for services and licenses and permits in 2018 compared to 94.60% (\$7,984,632) in 2017. Expenses incurred by the Clerk of Court are primarily for the provision of legal recordings for the citizens of the First Judicial District, Caddo Parish, Louisiana. Approximately 83.2% (\$8,512,821) of the Clerk of Court's expenses are for salaries and related payroll taxes and employee benefits during the year ended June 30, 2018, compared to 82.6% (\$8,012,607) during the prior year. In 2018, governmental activities program expenses exceeded program revenues by \$432,319.

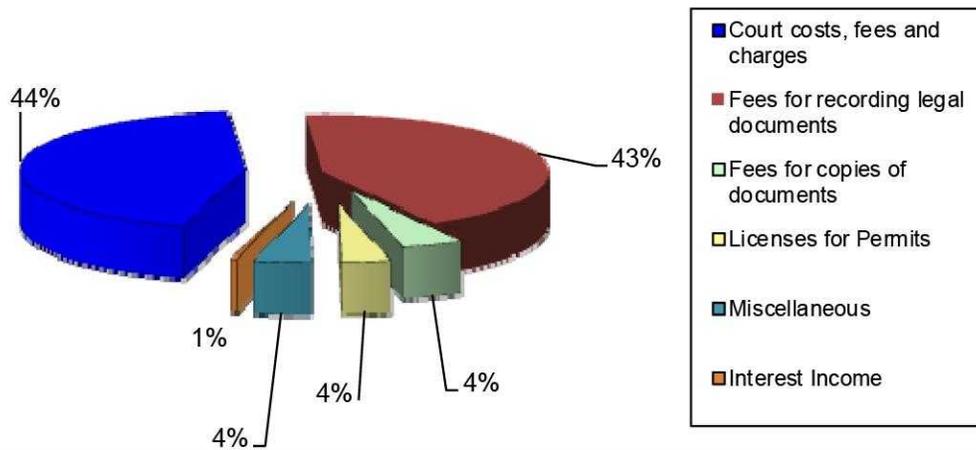
Caddo Parish Clerk of Court's Changes in Net Position Governmental Activities

	2018	2017
Revenues:		
Program revenues:		
Court costs, fees and charges	\$ 4,552,404	\$ 4,166,965
Fees for recording legal documents	4,435,127	3,085,065
Other charges for services	815,362	732,602
General revenues:		
Interest	50,204	35,847
Miscellaneous	427,385	419,656
Total Revenues	<u>10,280,482</u>	<u>8,440,135</u>
Expenses		
Judiciary	<u>10,235,212</u>	<u>9,706,725</u>
Increase (Decrease) in net position	<u>45,270</u>	<u>(1,266,590)</u>
Net position, beginning of year	(25,983,752)	(7,453,380)
Net position, adjustment	-	(17,263,782)
Net position, end of year	<u>\$ (25,938,482)</u>	<u>\$ (25,983,752)</u>

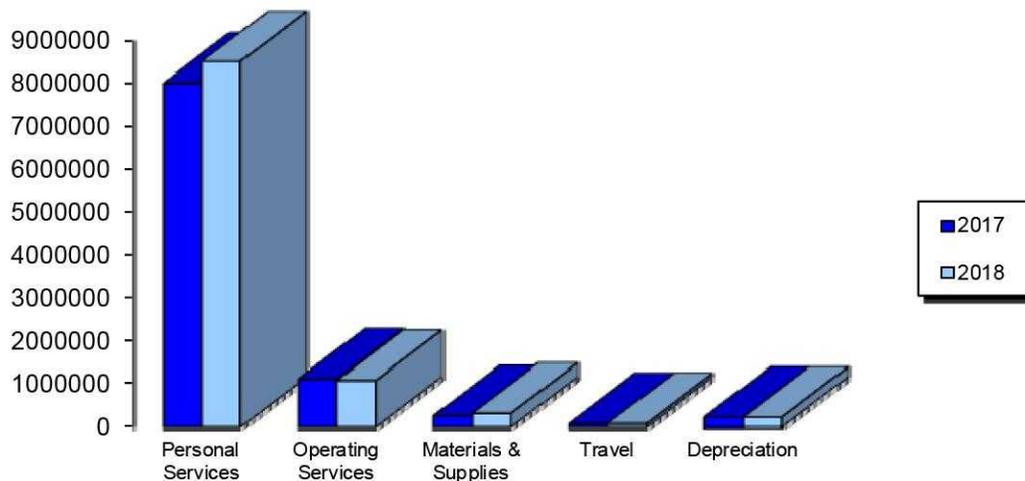
Total 2017 Revenues of Governmental Activities



Total 2018 Revenues of Governmental Activities



Total Expenses of Governmental Activities



FINANCIAL ANALYSIS OF THE CLERK'S INDIVIDUAL FUNDS

As noted earlier, the Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Clerk of Court's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk of Court's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Clerk of Court's net resources available for spending at the end of the year. As of the end of the year, the Clerk of Court's governmental fund (general fund) reported an ending fund balance of \$6,396,400 an increase of \$1,222,612 (23.63%) compared to the prior year. A total of \$6,152,685 (96%) of the ending fund balance is unassigned and is available for spending in the coming year while \$243,715 (4%) is non-spendable and represents amounts expended for prepaid items.

The general fund is the operating fund of the Clerk of Court. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned general fund balance as of June 30, 2018, (\$6,152,685) represents 70.9% of the total general fund expenditures (\$8,677,673) for the year ended.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Clerk of Court complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Clerk of Court's budget was amended once during the year to increase the amount materials and supplies, operating services, and capital outlays and to increase revenue.

The actual expenditures were \$480,760 more than the amount originally budgeted and \$176,663 less than the final budgeted amounts.

Revenues available for expenditure were \$61,796 more than the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2018, totaled \$3,151,889, net of accumulated depreciation of \$2,219,330, leaving a book value of \$932,559. This investment in capital assets consists of office equipment and furniture and fixtures.

Actual costs to purchase capital assets were \$101,558 in 2018 compared to \$13,032 during 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended June 30, 2019, was prepared:

- Revenues are expected to remain consistent with the prior year.
- Other expenditures are expected to remain consistent with the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Caddo Parish Clerk of Court, Shreveport, Louisiana, and seeks to demonstrate the Clerk of Court's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Honorable Mike Spence, Clerk of Court for Caddo Parish, 501 Texas Street, Room 103, Shreveport, Louisiana, 71101-5408, or by calling (318) 226-6775.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Net Position
June 30, 2018**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,174,149
Investments	5,000,000
Receivables	233,792
Prepaid expenses	243,715
Total current assets	6,651,656
Noncurrent assets:	
Capital assets, net of accumulated depreciation	932,559
Total Assets	7,584,215
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	24,856
Pension related	1,258,129
Total Deferred Outflows of Resources	1,282,985
Total Assets and Deferred Outflows of Resources	\$ 8,867,200
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 46,009
Payroll deductions payable	14,382
Unearned revenues	103,140
Compensated absences payable	84,850
Total current liabilities	248,381
Noncurrent liabilities:	
Net pension liability	5,295,903
Other postemployment obligations	29,121,407
Total noncurrent liabilities	34,417,310
Total Liabilities	34,665,691
DEFERRED INFLOWS OF RESOURCES	
Pension related	139,991
NET POSITION	
Net investment in capital assets	932,559
Unrestricted	(26,871,041)
Total Net Position (deficit)	(25,938,482)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 8,867,200

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Activities
For the Year Ended June 30, 2018**

	Governmental Activities
Expenses:	
Judiciary:	
Personal services and related benefits	\$ 8,512,821
Materials and supplies	321,826
Operating services	1,086,332
Travel and other charges	83,634
Depreciation	230,599
Total Expenses	10,235,212
 Program Revenues:	
Charges for services:	
Court costs, fees and charges	4,552,404
Fees for recording legal documents	4,435,127
Fees for copies of documents	457,195
Licenses and permits	358,167
Total charges for services	9,802,893
Total Program Revenues	9,802,893
 Net Program Revenues (Expenses)	(432,319)
 General Revenues:	
Miscellaneous	427,385
Use of money and property - interest income	50,204
Total General Revenues	477,589
 Change in Net Position	45,270
 Net Position at Beginning of Year	(8,719,970)
Prior period adjustment	(17,263,782)
Net Position--(deficit) at End of Year	\$ (25,938,482)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Balance Sheet – Governmental Fund
June 30, 2018**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,174,149
Investments	5,000,000
Receivables	226,917
Prepaid expenditures	243,715
Total Assets	<u>\$ 6,644,781</u>
LIABILITIES	
Accounts payable	\$ 46,009
Unearned revenues	103,140
Payroll deductions payable	14,382
Compensated absences payable	84,850
Total liabilities	<u>248,381</u>
FUND BALANCE	
Nonspendable:	
Prepaid items	243,715
Unassigned	6,152,685
Total fund balance	<u>6,396,400</u>
Total Liabilities and Fund Balance	<u>\$ 6,644,781</u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Reconciliation of Fund Balance on the Balance Sheet for Governmental Fund
To Net Position of Governmental Activities on the Statement of Net Position
June 30, 2018**

Fund Balance - Governmental Fund		\$ 6,396,400
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>In the governmental fund, interest income on time deposits is recognized when the time deposits have matured and the income is available. In the government-wide statements, interest income is recognized as it is earned.</p>		
Add- accrued interest		6,875
<p>Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds</p>		
Add - Deferred outflows-pension related		1,258,129
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Add - capital assets	\$3,151,890	
Deduct - accumulated depreciation	<u>(2,219,331)</u>	
		932,559
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:</p>		
Deduct - Net pension liability		(5,295,903)
Deduct - Deferred inflows-pension related		(139,991)
Deduct - Other postemployment obligations liability		(29,121,407)
Deduct - Deferred inflows-OPEB related		<u>24,856</u>
Net Position of Governmental Activities - (Deficit)		<u><u>\$ (25,938,482)</u></u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2018**

	General Fund
Revenues	
Fees, charges, and commissions for services:	
Court costs, fees and charges	\$4,552,404
Fees for recording legal documents	4,435,127
Fees for copies of documents	457,195
Licenses and permits	358,167
Miscellaneous	52,680
Use of money and property - interest income	44,712
Total Revenues	9,900,285
Expenditures	
Judiciary:	
Current:	
Personal services and related benefits	7,084,323
Materials and supplies	321,826
Operating services	1,086,332
Travel and other charges	83,634
Capital outlay	101,558
Total Expenditures	8,677,673
Net Change in Fund Balance	1,222,612
Fund Balance at Beginning of Year	5,173,788
Fund Balance at End of Year	\$6,396,400

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2018**

Net Change in Fund Balance- Governmental Fund **\$ 1,222,612**

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

Governmental funds report interest income on time deposits when the time deposits have matured and the income is available. However, in the statement of activities the amount of the accrued interest is reported as revenue.

Accrued interest on time deposits - current year	\$ 6,875	
Accrued interest on time deposits - prior year	(1,383)	
		5,492

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Capital outlay	\$ 101,558	
Depreciation expense	(230,599)	
		(129,041)

In the Statement of Activities pension and other postemployment benefits are reported in the government-wide statements, but not in the governmental fund statements

Pension expense		(238,456)
Non-employer contributions to cost-sharing pension plan		374,705
Other postemployment benefits		(1,190,042)

Change in Net Position of Governmental Activities **\$ 45,270**

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Fiduciary Net Position
June 30, 2018**

	Jury Cost Fund	Advance Deposit Fund	Registry of Court Fund	Court Reporter Fund	Total
Assets					
Cash and cash equivalents	\$ 101,360	\$ 901,767	\$ 20,152,590	\$ 333,752	\$ 21,489,469
Investments	1,810,000	2,350,000	-	-	4,160,000
Other financial instruments	-	-	32,175	-	32,175
Total Assets	\$1,911,360	\$ 3,251,767	\$ 20,184,765	\$ 333,752	\$ 25,681,644
Liabilities					
Unsettled deposits	\$1,911,360	\$ 3,251,767	\$ 20,184,765	\$ 333,752	\$ 25,681,644
Total Liabilities	\$1,911,360	\$ 3,251,767	\$ 20,184,765	\$ 333,752	\$ 25,681,644

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

NOTES TO THE FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Caddo Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the industry audit guide, *Audits of State and Local Governments*.

The significant accounting and reporting policies and practices used by the Clerk of Court are described below.

B. REPORTING ENTITY

The Caddo Parish Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Caddo Parish Commission. The Commission maintains and operates the parish courthouse in which the Clerk of Court's office is located and is responsible for certain expenses incurred by the Clerk of Court. Because the Clerk of Court is fiscally dependent on the Commission, the Clerk of Court was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity.

As an independently elected official, the Clerk of Court is solely responsible for the operations of his office, which includes responsibility for the hiring and retention of employees, the annual operating budget and any fund deficits, and the receipt and disbursement of funds.

The accompanying financial statements present information only on the funds and activities controlled by the Caddo Parish Clerk of Court and do not present information on the Caddo Parish Commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

Funds of the Clerk of Court are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

Governmental Funds

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk of Court are agency funds. The Civil Jury Cost, Advance Deposit, Registry of Court, and Court Reporter agency funds account for assets held by the Clerk of Court as an agent for litigants pending court action. 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 accrual basis of accounting.

D. 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.

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court's operations.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues

Recordings, cancellations, court attendance, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially, all other revenues are recorded when received by the Clerk of Court.

Based on the above criteria, recordings, court attendance, criminal costs, and other fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

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

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Clerk.

Capital outlays are reported at the time purchased.

The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity; therefore, the Clerk of Court reports the General Fund as a major fund.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Government-wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court, except for fiduciary activities. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with the Clerk of Court's activities are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Revenues that are not classified as program revenues, including interest, are presented as general revenues.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriations, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred to assure that applicable appropriations are not exceeded.

F. CASH AND CASH EQUIVALENTS

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. INVESTMENTS

Investments are limited by R.S. 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less when purchased, they are classified as cash equivalents.

H. RECEIVABLES

All trade receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable outstanding an excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deferred outflows of resources in the financial statements.

J. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$3,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are reported in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Lives</u>
Office equipment	5 years
Furniture & fixtures	7 years
Building improvements	7 -20 years

Depreciation of all exhaustible capital assets is reported as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Clerk of Court recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections.

The Clerk of Court reports unearned revenue on both its government-wide and fund financial statements. Unearned revenues arise when potential revenues do not meet both the “available” and “measurable” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria have been met or the Clerk of Court has legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized. The Clerk of Court’s unearned revenue consists of prepaid portal fees.

L. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to vacation and sick leave:

Employees of the Clerk of Court’s office earn from one to five weeks of annual leave each year, depending on length of service. Annual leave must be used in the year earned. Upon voluntary resignation or retirement, an employee is compensated for annual leave accumulated during the year of resignation or retirement. Authorized time off (ATO) leave (i.e. sick leave) is granted at the discretion of the Clerk of Court. Upon retirement, resignation, or termination of employment, all unused ATO leave shall be forfeited.

The Clerk of Court’s recognition and measurement criteria for compensated absences follows GASB Statement No. 16 which provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

- a. The employees’ rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payment at termination or retirement.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET POSITION AND FUND EQUITY

The Clerk of Court has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In the government-wide financial statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and can be reported in three components:

- a. Net investment in capital assets - Consists of capital assets net of accumulated depreciation.
- b. Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Clerk’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets.

The Clerk of Court has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Clerk of Court is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

In the fund financial statements, governmental fund balance is presented in five possible categories:

- *Nonspendable* – resources which cannot be spent because they are either (a) not in spendable form (such as prepaid items) or; (b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations or constraints to specific purposes the government imposes upon itself at its highest level of decision making (the Clerk of Court). These amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – resources neither restricted nor committed for which the Clerk of Court has a stated intended use for a specific purpose.
- *Unassigned* – resources that are available for any purpose.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET POSITION AND FUND EQUITY (continued)

The Clerk of Court establishes (and modifies and rescinds) fund balance commitments and assignments through adoption and amendment of the budget.

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

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk's last year of his term of office. The amount owed to the parish treasurer under R.S. 13:785 is limited to no more than the funds provided by the parish treasurer under provisions of R.S. 13:784 (A) to help defray the costs of capital assets and record books during the Clerk of Court's four-year term. At June 30, 2018, there was no amount due to the parish treasurer.

N. PENSION PLAN

The Caddo Parish Clerk of Court is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. 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 each of the plans, and additions to / deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

O. USE OF ESTIMATES

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

P. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Caddo Clerk of Court follows GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which requires the accrual of other postemployment benefits for retired employees. The Clerk of Court has recorded a liability for other postemployment benefits (see Note 7). In the government-wide financial statements, the OPEB liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, OPEB expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to OPEB payments due and payable as of the end of the year.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ending June 30, 2018, the Caddo Clerk of Court adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension." The statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). This statement replaces the requirements of Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This resulted in a restatement of previously reported net position as follows:

	Government-wide Governmental Activities
Total Net Position (deficit), June 30, 2017, as previously reported	\$ (8,719,970)
Change in accounting principle:	
Net effect of implementing GASB Statement No. 75	(17,263,782)
Total Net Position(deficit), June 30, 2017, Restated	\$ (25,983,752)

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2018, the Clerk of Court had cash and cash equivalents (book balances) totaling \$22,695,793 as follows:

	Governmental Fund	Fiduciary Funds	Total
Cash	\$ 2,200	\$ -	\$ 2,200
Demand deposits	1,171,949	21,521,644	\$ 22,693,593
	\$ 1,174,149	\$ 21,521,644	\$ 22,695,793

Investments:

At June 30, 2018, the Clerk of Court had investments (book balances) totaling \$9,160,000 as follows:

	Governmental Fund	Fiduciary Funds	Total
Time Deposits	\$ 4,175,000	\$ 2,635,000	\$ 6,810,000
LAMP	825,000	1,525,000	2,350,000
	\$ 5,000,000	\$ 4,160,000	\$ 9,160,000

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

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

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, the Clerk of Court had collected bank balances of \$30,039,505 which were fully protected by \$250,000 of federal depository insurance and the pledge of securities with a market value of \$29,435,106 held by the custodial bank in the name of the Clerk of Court.

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

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

Investments held at June 30, 2018, include \$2,350,000 (collected balances) invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool.

The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

3. RECEIVABLES

The governmental activities receivables of \$233,792 at June 30, 2018, are as follows:

Fees, charges and commissions for services:	
Court costs, fees and charges	\$ 43,031
Fees for recording legal documents	136,788
Copies	46,679
Remote access	11,687
Portal fees	6,190
Interest	6,875
Other	10,672
Gross receivables	261,922
Less Allowance for uncollectibles	(28,130)
Net total receivables	\$ 233,792

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2018, is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated					
Office equipment	\$ 1,668,960	\$ 67,136	-	-	\$ 1,736,096
Furniture and fixtures	603,790	34,422	-	-	638,212
Office improvements	777,581	-	-	-	777,581
Total	3,050,331	101,558	-	-	3,151,889
Less accumulated depreciation:					
Office equipment	(1,003,955)	(187,346)	-	-	(1,191,301)
Furniture and fixtures	(559,603)	(12,589)	-	-	(572,192)
Office improvements	(425,173)	(30,664)	-	-	(455,837)
Total	(1,988,731)	(230,599)	-	-	(2,219,330)
Net capital assets	\$ 1,061,600	\$ (129,041)	-	-	\$ 932,559

Depreciation expense of \$230,599 was charged to the judiciary function of the governmental activities.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

5. UNEARNED REVENUES

Unearned revenues of \$103,140 represents remote access fees received from customers for the period January 1, 2018, through December 31, 2018, which had not been earned by the Clerk of Court as of June 30, 2018.

6. PENSION PLAN

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

Plan Description.

Substantially all employees of the Caddo 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.

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

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

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

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

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008. A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

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

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

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

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

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

Cost of Living Adjustments: The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977, or the member's retirement date if later. In order to grant any cost of living increase, the Fund must meet criteria as detailed in the Louisiana statutes related to funding status. In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense. Non-employer contribution revenue for the Clerk of Court for the year ended June 30, 2017 was \$374,705.

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

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2017 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2018.

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

At June 30, 2018, the Caddo Parish Clerk of Court reported a liability of \$5,295,903 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 (Plan's measurement date), the Clerk of Court's proportion was 3.50042% which was an increase of 0.0141% from the proportion measured as of June 30, 2016.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

For the year ended June 30, 2018, the Clerk of Court recognized a pension expense of \$238,456, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

At June 30, 2018, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 160,382	\$ 138,967
Changes of assumptions	230,972	-
Net difference between projected and actual earnings on pension plan investments	72,528	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	151,771	1,024
Employer contributions subsequent to the measurement date	642,476	-
Total	\$ 1,258,129	\$ 139,991

The Clerk of Court reported a total of \$599,018 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30,</u>	
2019	\$ 683,914
2020	392,861
2021	221,076
2022	(179,713)
Total	\$1,118,138

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Clerk of Court as of June 30, 2017 are as follows:

Total Pension Liability	\$ 26,077,106
Plan Fiduciary Net Position	20,781,203
Total Net Pension Liability	\$ 5,295,903

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Life	5 Years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Inflation rate	2.50%
Projected Salary Increases	5.00%
Mortality Rates	RE-2000 Employee Table set back 4 years for males and 3 years for females RP-2000 Healthy Annuitant Table set forward 1 year for males. RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as

Mortality Rate. The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used. The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.60%, for the year ended June 30, 2017.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

The best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2017, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.75%
Coreplus fixed income	15.00%	2.25%
Domestic Equity:		
Large cap domestic equity	21.00%	5.25%
Non-large cap domestic equity	7.00%	5.00%
International Equity:		
Large cap international equity	14.00%	5.25%
Small cap international equity	6.50%	5.25%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.50%
Master Limited Partnerships	5.00%	7.00%
Hedge Funds	10.00%	3.00%
	<u>100.00%</u>	

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 the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

Sensitivity of the Clerk of Court’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Clerk of Court calculated using the discount rate of 7.00 percent, as well as what the Clerk’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 8,104,633	\$ 5,295,903	\$ 2,911,392

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

Differences between Expected and Actual Experience: The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings: The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

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

Changes in Proportion: Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

Contributions—Proportionate Share: Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

6. PENSION PLAN (continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana financial report. Access to the report can be found on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Funding Policy: Plan members are required by state statute to contribute 8.25% of their annual covered salary to the plan. The Caddo Parish Clerk of Court is required to contribute to the plan at an actuarially determined rate. The rate for the fiscal year ended June 30, 2018, was 19.00% of the annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Caddo Parish Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caddo Parish Clerk of Court's contributions to the System for the years ending June 30, 2018, 2017, and 2016 were \$643,651, \$599,018, and \$604,602, respectively, equal to the required contributions for each year.

7. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

The Caddo Parish Clerk of Court provides post-retirement medical, dental, and life insurance benefits for eligible retired employees and their dependents. Substantially all of the Clerk of Court's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through commercial insurance policies whose monthly premiums are paid jointly by the employee and the Clerk of Court.

Plan Description – The Clerk of Court contributes to a single-employer defined benefit healthcare plan (the "Retiree Healthcare Plan"). The plan provides lifetime health, life and dental insurance benefits to eligible retired employees through the Clerk of Court's group insurance plans which provide coverage to both active and retired employees. The plan is authorized and administered by the Clerk of Court.

Benefits Provided – To be eligible to continue coverage under the Clerk's plan, an employee must retire from the Clerk and be eligible to receive retirement funds under the Louisiana Clerks of Court Retirement and Relief Fund. The plan provides medical, dental, life, and vision insurance for regular employees hired prior to January 1, 2011 that retire at age 55 or older with at least twelve (12) years of full-time service. Regular employees hired after January 1, 2011 are eligible at age 60 with twelve (12) years of full-time service. The Clerk of Court pays the full premium of the retirees' insurance premiums and 95% of spouses' insurance premiums. Life insurance benefits are continued to eligible retirees which are reduced by 50% at age 75.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

7. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Employees covered by benefit terms—at June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	28
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	69
Total	97

Total OPEB Liability

The Clerk of Court’s total OPEB liability of \$29,121,407 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and other inputs—The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary scale	3.00%
Discount rate	3.62%
Prior year discount rate	3.50%
Health Care Cost Trend Rates	
Medical & Dental Claim Costs	Age-based claims costs were derived from the actual premiums adjusted for the risk characteristics of the group. Medical claims are assumed to decrease from 7% to 5% over the next ten years. Vision claims are assumed to be a flat 2.5% flat rate annually.
Vision claim costs	Projected vision costs were based on current premium rates. Claims are assumed to decrease from 3.5 % to 3% over the next 10 years
Life Insurance claims	Based on RPH-2014 Healthy Annuitant Mortality Tables, Generational Mortality Improvement with Projection Scale MP-2018
Mortality rates pre-retirement	Based on RPH-2014 Employee Mortality Table, Generational Mortality Improvement with Projection Scale MP-2018
Mortality rates post-retirement	RPH-2014 Healthy Annuitant Mortality Table, Generational Mortality improvement with Projection Scale MP-2018

The discount rate was based on the Fidelity General Obligation AA 20-year yield as of June 30, 2018, the end of the applicable measurement date.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

7. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Changes in the Total OPEB Liability

Balance at June 30, 2017	\$ 27,906,509
Changes for the year:	
Service costs	711,138
Interest	1,026,000
Differences between expected and actual experience	27,963
Benefit payments	(550,203)
Net changes	1,214,898
Balance at June 30, 2018	\$ 29,121,407

Sensitivity of the total OPEB liability to changes in the discount rate—The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.62%) or 1 percentage-point higher (4.62%) than the current discount rate:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>2.62%</u>	<u>3.62%</u>	<u>4.62%</u>
Total OPEB Liability	\$ 32,802,466	\$ 29,121,407	\$ 24,555,102

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

	<u>Changes in Healthcare Cost Trend Rates</u>		
	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
	Total OPEB Liability	\$ 25,170,981	\$ 29,121,407

For the year ended June 30, 2018, the Clerk of Court recognized OPEB expense of \$1,740,245. At June 30, 2018, the Clerk of Court reported deferred outflows of resources related to OPEB from the following source:

	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows of</u>	<u>Inflows of</u>
	<u>Resources</u>	<u>Resources</u>
Differences between actual and expected experience	\$ 24,856	\$ -
Total	\$ 24,856	\$ -

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

7. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

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

Year ending June 30		
2019	\$	3,107
2020	\$	3,107
2021	\$	3,107
2022	\$	3,107
2023	\$	3,107
Thereafter	\$	9,321

8. COMPENSATED ABSENCES

At June 30, 2018, employees of the Clerk of Court have accumulated and vested \$84,850 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is due and payable within the next year and is recorded as an obligation of the General Fund.

9. RISK MANAGEMENT

The Caddo Parish Clerk of Court is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk purchases commercial insurance to provide workers compensation coverage, general liability, error and omission, and property insurance. There were no significant reductions in insurance coverage from the previous year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

10. LITIGATION AND CLAIMS

At June 30, 2018, the Caddo Parish Clerk of Court was involved in litigation concerning several matters which, in the estimation of the legal advisor of the Clerk of Court, an estimate of the ultimate resolution of the suits cannot be made. However, it is the opinion of legal counsel that an unfavorable outcome is unlikely in the pending lawsuits.

11. EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH COMMISSION

The Caddo Parish Clerk of Court's office is located in the Caddo Parish Courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715 is paid by the Caddo Parish Commission and are not included in the accompanying financial statements.

13. DEFICIT NET POSITION

A net position deficit of \$25,938,482 exists in the general fund resulting from noncurrent operating liabilities such as OPEB liability of \$29,121,407 and net pension liability of \$5,295,903.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2018**

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 28, 2018, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Budgetary Comparison Schedule
Governmental Fund – General Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		
				Actual Amounts (Budgetary Basis)		
Revenues						
Fees, charges, and commissions for services:						
Court costs, fees and charges	3,849,275	4,557,260	4,552,404	9,180	4,561,584	4,324
Fees for recording legal documents	3,750,111	4,439,858	4,435,127	-	4,435,127	(4,731)
Fees for copies of documents	386,580	457,683	457,195	-	457,195	(488)
Licenses and permits	310,180	354,015	358,167	-	358,167	4,152
Miscellaneous	-	-	52,680	6,155	58,835	58,835
Use of money and property - interest income	40,600	50,500	44,712	5,492	50,204	(296)
Total Revenues	<u>8,336,746</u>	<u>9,859,316</u>	<u>9,900,285</u>	<u>20,827</u>	<u>9,921,112</u>	<u>61,796</u>
Expenditures						
Judiciary:						
Current:						
Personal services and related benefits	7,183,431	7,194,536	7,084,323	(27,404)	7,056,919	137,617
Materials and supplies	204,544	319,509	321,826	2,208	324,034	(4,525)
Operating services	690,443	1,078,510	1,086,332	(35,586)	1,050,746	27,764
Travel and other charges	53,156	83,032	83,634	(5,012)	78,622	4,410
Capital Outlay	8,000	121,410	101,558	8,455	110,013	11,397
Total Expenditures	<u>8,139,574</u>	<u>8,796,997</u>	<u>8,677,673</u>	<u>(57,339)</u>	<u>8,620,334</u>	<u>176,663</u>
Excess of Revenues Over (Under) Expenditures	197,172	1,062,319	1,222,612	78,166	1,300,778	238,459
Fund Balance at Beginning of Year	5,173,788	5,173,788	5,173,788	65,286	5,239,074	65,286
Fund Balance at End of Year	<u>5,370,960</u>	<u>6,236,107</u>	<u>6,396,400</u>	<u>143,452</u>	<u>6,539,852</u>	<u>303,745</u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Changes in Net OPEB Liability and Related Ratios
June 30, 2018**

Total OPEB Liability	
Service costs	\$ 711,138
Interest	1,026,000
Differences between expected and actual experience	27,963
Changes in Assumptions/Inputs	-
Change in Benefit Terms	-
Benefit payments	<u>(550,203)</u>
Net change in OPEB liability	1,214,898
Total OPEB Liability, beginning	<u>27,906,509</u>
Total OPEB Liability, ending	<u><u>\$ 29,121,407</u></u>
Covered Employee Payroll	\$ 6,217,058
Total OPEB Liability as a percentage of covered employee payroll	468.40%

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

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Proportionate Share of the Net Pension Liability
June 30, 2018**

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	3.500420%	\$ 5,295,903	\$ 3,185,989	166%	79.7%
2017	3.486320%	\$ 6,449,602	\$ 3,182,106	203%	78.1%
2016	3.333254%	\$ 4,999,986	\$ 3,054,200	164%	62.7%
2015	3.324069%	\$ 4,483,710	\$ 3,002,232	149%	65.0%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Pension Contributions
June 30, 2018**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2018	\$ 642,476	\$ 642,476	\$ -	\$ 3,381,455	19.0%
2017	\$ 599,018	\$ 599,018	\$ -	\$ 3,185,989	18.8%
2016	\$ 604,602	\$ 604,602	\$ -	\$ 3,182,106	19.0%
2015	\$ 565,027	\$ 565,027	\$ -	\$ 3,054,200	18.5%

*Amounts presented were determined as of the end of the fiscal year.

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to Required Supplemental Information
June 30, 2018**

Budgetary Information

The budget for the General Fund (Salary Fund) is prepared and is adopted annually on the cash basis of accounting. A preliminary budget for the General Fund for the ensuing year is prepared by the Clerk of Court during May of each year. The availability of the proposed budget for public inspection and the date of the public hearing on the budget are then advertised in the official journal. During June, the Clerk of Court holds a public hearing on the proposed budget in order to receive comments from the public and other interested parties. The General Fund budget is adopted during June of each year and notice is published in the official journal.

The proposed budget for the June 30, 2018, fiscal year was made available for public inspection at the Clerk of Court's office on June 12, 2017. The proposed budget, prepared on the cash basis of accounting, was published in the official journal ten days before the public hearing. The budget hearing was held at the Clerk's office on June 12, 2017.

Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the Clerk of Court's office to advise the Clerk in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The Clerk prepares necessary budget amendments when, in his judgment, actual operations differ materially from those anticipated in the original budget and formally adopts the amendments. The adoption of the amendments is published in the official journal. The General Fund budget for the fiscal year ended June 30, 2018, was amended on June 11, 2018.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Schedule of Changes in Net OPEB Liability and Related Ratios

There were no changes of benefit terms for the year ended June 30, 2018. The following assumptions changed since the July 1, 2015 valuation under GASB 45: a) The discount rate was increased from 3.5% to 3.62% which resulted in a decrease in the total OPEB liability. b) The mortality improvement scale was updated resulting in slight increase in the total OPEB liability. c) Medical trends were updated with current expectations resulting in a decrease in total OPEB liability. d) Updated to Entry-Age Normal, level percent of pay cost method to comply with GASB 75 resulting in an increase in total OPEB liability.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to Required Supplemental Information
June 30, 2018**

Pension Information

The schedule of the Caddo Parish Clerk of Court's proportionate share of the net pension liability and the schedule of the Caddo Parish Clerk of Court's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Compensation, Benefits and Other Payments
To Agency Head or Chief Executive Officer
June 30, 2018**

Mike Spence, Clerk of Court

Purpose:	
Salary	\$ 178,923
Benefits - Insurance	22,075
Benefits - Retirement	33,145
Benefits - Other	-
Car Allowance	14,000
Per diem	-
Reimbursements	-
Cell Phone	-
Travel	-
Registration fees	1,250
Conference travel	-
Continuing professional education fees	-
Unvouched expenses	-
Special meals	-
Total	<u>\$ 249,393</u>

**Supplemental information.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2018**

	Jury Cost Fund	Advance Deposit Fund	Registry of Court Fund	Court Reporter Fund	Total
ADDITIONS:					
Deposits:					
Suits and successions	\$ 364,936	\$ 5,768,247	4,377,336	451,236	\$ 10,961,754
Bonds & liens	-		6,388	-	6,388
Interest earned on investments	8,871	-	74,279	-	83,150
Total Additions	<u>373,807</u>	<u>5,768,247</u>	<u>4,458,003</u>	<u>451,236</u>	<u>11,051,292</u>
DEDUCTIONS:					
Clerk's costs (transferred to					
General Fund)	-	3,037,340	-	31,819	3,069,158
Court reporter costs (transferred to					
Court reporter fund)	-	451,236	-	-	451,236
Judge's Compensation Fund	-	151,372	-	-	151,372
Judicial Court Expense Fund	-	99,233	-	-	99,233
Settlements to litigants	-	1,264,931	1,994,349	-	3,259,280
Attorney, curator, and notary fees	-	134,139	-	-	134,139
Battered Women's Fund	-	10,280	-	-	10,280
Pro Bono Projects	-	17,316	-	-	17,316
Stenographers' fees	-	-	-	297,291	297,291
Summons Fee	107,500	-	-	-	107,500
Sheriffs' fees	15,050	571,559	-	-	586,609
Bond refunds	88,588	-	-	-	88,588
Other reductions	32,826	40,139	-	27,421	100,386
Total Deductions	<u>243,964</u>	<u>5,777,545</u>	<u>1,994,349</u>	<u>356,531</u>	<u>8,372,387</u>
CHANGES IN UNSETTLED DEPOSITS	129,843	(9,298)	2,463,654	94,705	2,678,904
Unsettled Deposits- Beginning	1,781,517	3,261,065	17,721,111	239,047	23,002,740
Unsettled Deposits - Ending	<u>\$ 1,911,360</u>	<u>\$ 3,251,767</u>	<u>\$ 20,184,765</u>	<u>\$ 333,752</u>	<u>\$ 25,681,644</u>

**Supplemental information.
See the accompanying independent auditor's report.**

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE LOUISIANA GOVERNMENTAL AUDIT GUIDE**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



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

The Honorable Mike Spence
Caddo Parish Clerk of Court
Shreveport, 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and each fiduciary fund type of the Caddo Parish Clerk of Court, Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Caddo Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

This report is intended solely for the information and use of the Caddo Parish Clerk of Court, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Legislative Auditor under Louisiana Revised Statute 24:513.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC
Mansfield, Louisiana
December 28, 2018

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Findings
For the Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ <u>X</u> No	
Noncompliance material to the financial statements noted?	_____ Yes	_____ <u>X</u> No	

Section II - Financial Statement Findings

See Summary Schedule of Audit Findings

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Summary Schedule of Audit Findings
For the Year Ended June 30, 2018**

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

OTHER REPORT



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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Mike Spence,
Caddo Parish Clerk of Court,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Caddo Clerk of Court and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Clerk of Court's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Written policies and procedures were obtained and were found to address the functions noted above.

- 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.

Written policies and procedures were obtained and were found to address the functions noted above.

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

Written policies and procedures were obtained and were found to address the functions noted above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and were found to address the functions noted above.

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

Written policies and procedures were obtained and were found to address the functions noted above.

- 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.

Written policies and procedures were obtained and were found to address the functions noted above except as to standard terms and a process for monitoring.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and were found to address the functions noted above.

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

Written policies and procedures were obtained and were found to address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were obtained and were found to address the functions noted above.

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

Written policies and procedures were obtained and were found to note that debt is not maintained but if it is considered, adequate policies will be adopted.

Management Response: *Management will review additional revisions to current policies and procedures.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Caddo Parish Clerk of Court does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The Caddo Parish Clerk of Court does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The Caddo Parish Clerk of Court does not have a Board or Finance Committee, and therefore, this attribute is not applicable.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of client bank accounts from management and management's representation that the listing is complete were obtained. The main operating account and 4 additional accounts were selected for review.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

For two accounts reviewed, reconciliations were not prepared. It should be noted that these accounts have limited, if any, regular outstanding items each month.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Except for the two accounts noted under 3(a), reconciliations include evidence of management review. For the two noted accounts, bank statements included evidence of management review.

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

Two accounts had reconciling items outstanding for more than 12 months, but evidence was observed that the items were being researched.

Management Response: *Management will ensure that bank reconciliations are prepared and reviewed for all of its bank accounts.*

Collections

- 4. No prior year exception. Section not reviewed.
- 5. No prior year exception. Section not reviewed.
- 6. No prior year exception. Section not reviewed.
- 7. No prior year exception. Section not reviewed.

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

- 8. No prior year exception. Section not reviewed.
- 9. No prior year exception. Section not reviewed.
- 10. No prior year exception. Section not reviewed.

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

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

A listing of all active credit cards, bank debit cards, fuel cards, P-Cards, and management's representation that the listing is complete were obtained.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

14. No prior year exception. Section not reviewed.

Contracts

15. No prior year exception. Section not reviewed.

Payroll and Personnel

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

Listing of employees/officials with their related salaries and management's representation that the listing is complete were obtained.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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.)

No exceptions were noted as a result of applying this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions were noted as a result of applying this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure, however, it should be noted that it was observed that management permits employees to use all of their accrued leave time that is not eligible for payout at termination (ie sick leave) prior to their termination date. .

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

No exceptions were noted as a result of applying this procedure.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions were noted as a result of applying this procedure.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions were noted as a result of applying this procedure.

Debt Service

- 21. No prior year exception. Section not reviewed.

- 22. No prior year exception. Section not reviewed.

Other

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

No misappropriations of public funds and assets during the fiscal period were reported by the entity.

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

No exceptions were noted as a result of applying this procedure.

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.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 28, 2018