

**MOREHOUSE PARISH CLERK OF COURT**  
Bastrop, Louisiana

**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**June 30, 2018**  
**With Supplemental Information Schedules**

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended June 30, 2018  
With Supplemental Information Schedules

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Society of Louisiana Certified  
Public Accountants

**MARY JO FINLEY, CPA, INC.**  
*A PROFESSIONAL ACCOUNTING CORPORATION*  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 329-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

## **Independent Auditor's Report**

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities and major fund of the Morehouse Parish Clerk of Court, a component unit of the Morehouse Parish Police Jury, as of June 30, 2018, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 Morehouse Parish Clerk of Court'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 Morehouse Parish Clerk of Court's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Independent Auditor's Report,

June 30, 2018

### *Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Morehouse 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 Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 10, the budgetary comparison information on pages 38 through 39, the schedule of funding progress for the retiree healthcare plan on page 40, and the schedule of the Clerks' proportionate share of the net pension liability on pages 41 through 42, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morehouse Parish Clerk of Court's office basic financial statements. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Independent Auditor's Report,

June 30, 2018

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued a report dated December 23, 2018, on my consideration of the Morehouse Parish Clerk of Court's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Morehouse Parish Clerk of Court's internal control over financial reporting and compliance.



West Monroe, Louisiana

December 23, 2018

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

**Management's Discussion and Analysis**  
June 30, 2018

As management of the Morehouse Parish Clerk of Court, I offer readers of the Morehouse Parish Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Morehouse Parish Clerk of Court for the fiscal year ended June 30, 2018. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Clerk's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Clerk of Court's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

*Government-wide financial statements.* The *government-wide financial statements* are designed to provide readers with a broad overview of the Morehouse Parish Clerk of Court's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned, but unused, sick leave).

**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 Morehouse Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Morehouse Parish Clerk of Court can be divided into two categories: governmental funds and fiduciary (agency) funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Morehouse Parish Clerk of Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

**Fiduciary funds.** Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Morehouse Parish Clerk of Court's programs, fiduciary (agency) funds are not reflected in the government-wide financial statement.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Morehouse Parish Clerk of Court's performance.

The combining schedules for nonmajor governmental funds are presented immediately following the required supplementary information.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, liabilities of the Morehouse Parish Clerk of Court exceeded assets by \$146,938. The largest portion of the Morehouse Parish Clerk of Court's net position reflects its investment in capital assets (e.g., equipment). These assets are not available for future spending.

The balance in unrestricted net position is affected by two factors: 1) resources expended, over time, by the Morehouse Parish Clerk of Court to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets.

STATEMENT OF NET POSITION  
Governmental Funds

	2018	2017
<b>ASSETS</b>		
Cash and cash equivalents	\$1,454,208	\$1,438,718
Receivables	23,199	24,765
Due from other funds	1,960	
Capital assets (net of accumulated depreciation)	2,276	8,674
TOTAL ASSETS	1,481,643	1,472,157
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	192,554	334,916
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$1,674,197	\$1,807,073
<b>LIABILITIES</b>		
Accounts payable	\$5,558	\$3,965
Due to other funds	2,853	
Net pension liability	787,051	960,418
Net OPEB obligation	969,943	738,107
TOTAL LIABILITIES	1,765,405	1,702,490
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	55,730	55,155
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	2,276	8,674
Unrestricted	(149,214)	40,754
TOTAL NET POSITION	(146,938)	49,428
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$1,674,197	\$1,807,073

STATEMENT OF ACTIVITIES

	2018	2017
<b>Judicial:</b>		
Personal services	\$785,486	\$740,652
Operating services	177,165	158,992
Materials and supplies	16,413	17,846
Travel	50,024	52,297
Depreciation expense	6,398	6,399
Total Program Expenses	1,035,486	976,186
<b>Program revenues:</b>		
License and permits - marriage	2,750	2,775
Clerk's supplemental compensation	23,350	22,750
Court cost, fees, and charges	303,753	257,077
Fees for recording legal documents	342,638	260,116
Fees for certified copies of documents	73,327	78,921
Criminal fees	23,441	25,325
UCC fees	73,748	77,554
Other fees	124,863	90,842
Bond forfeitures	1,964	2,106
Total program revenues	969,834	817,466
Net Program Expenses	(65,652)	(158,720)
<b>General revenues:</b>		

Grants and contributions not restricted to specific programs:		
Interest earned	\$3,356	\$3,197
Other	64,715	65,739
Total general revenues	<u>68,071</u>	<u>68,936</u>
Change in Net Position	2,419	(89,784)
Net Position - Beginning of year as restated	<u>(149,357)</u>	<u>139,212</u>
Net Position - End of year	<u><u>(\$146,938)</u></u>	<u><u>\$49,428</u></u>

## Financial Analysis of the Government's Funds

As noted earlier, the Morehouse Parish Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2018, the General Fund unreserved, undesignated fund balance of \$1,470,956 showed an increase of \$11,438 over June 30, 2017.

### General Fund Budgetary Highlights

Differences between revenues of the original budget and the final budget were due primarily to the decreases in licenses and permits, clerks supplemental compensation, fees for certified copies, UCC fees, other fees, use of money and property and other revenues and an increase in court costs, fees, and charges and fees for recording legal documents. The differences in the expenditures of the original budget and the final budget was due to an increase in personal services and related benefits and travel and other charges and decreases in operating services and capital outlay.

### Capital Asset and Debt Administration

**Capital assets.** The Morehouse Parish Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$2,276 (net of accumulated depreciation). This investment includes furniture and equipment. There were no additions or deletions in capital assets for the year.

**Long-term debt.** The Morehouse Parish Clerk of Court contributes to a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees through the clerk's group health insurance plan. Net OPEB obligation associated with the Retiree Health Plan at June 30, 2018 is \$969,943. Net pension liability is \$787,051 at June 30, 2018.

### Requests for Information

This financial report is designed to provide a general overview of the Morehouse Parish Clerk of Court's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Morehouse Parish Clerk of Court, Courthouse Building, Bastrop, LA 71220.

**BASIC FINANCIAL STATEMENTS**

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

STATEMENT OF NET POSITION  
June 30, 2018

<b>ASSETS</b>	
Cash and cash equivalents	\$1,454,208
Receivables	23,199
Due from other funds	1,960
Capital assets (net of accumulated depreciation)	<u>2,276</u>
TOTAL ASSETS	<u>1,481,643</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related	<u>192,554</u>
TOTAL ASSETS AND DEFERRED	<u><u>\$1,674,197</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$5,558
Due to other funds	2,853
Net pension liability	787,051
Net OPEB obligation	<u>969,943</u>
TOTAL LIABILITIES	<u>1,765,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension and OPEB related	55,730
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,276
Unrestricted	<u>(149,214)</u>
TOTAL NET POSITION	<u>(146,938)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><u>\$1,674,197</u></u>

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

STATEMENT OF ACTIVITIES  
June 30, 2018

Judicial:	
Personal services	\$785,486
Operating services	177,165
Materials and supplies	16,413
Travel	50,024
Depreciation expense	6,398
Total Program Expenses	<u>1,035,486</u>
Program revenues:	
License and permits - marriage	2,750
Clerk's supplemental compensation	23,350
Court cost, fees, and charges	303,753
Fees for recording legal documents	342,638
Fees for certified copies of documents	73,327
Criminal fees	23,441
UCC fees	73,748
Other fees	124,863
Bond forfeitures	1,964
Total program revenues	<u>969,834</u>
Net Program Expenses	<u>(65,652)</u>
General revenues	
Grants and contributions not restricted to specific programs:	
Interest earned	3,356
Other	64,715
Total general revenues	<u>68,071</u>
Change in Net Position	2,419
Net Position - Beginning of year as restated	<u>(149,357)</u>
Net Position - End of year	<u><u>(\$146,938)</u></u>

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2018

**ASSETS**

Cash and cash equivalents	\$1,454,208
Receivables	23,199
Due from other funds	<u>1,960</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,479,367</u></b>

**LIABILITIES AND FUND EQUITY**

Liabilities:

Accounts payable	\$5,558
Due to other funds	2,853
Fund Equity - fund balances - unassigned	<u>1,470,956</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$1,479,367</u></b>

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Position

For the Year Ended June 30, 2018

Total Fund Balances - Governmental Funds (Statement C)	\$1,470,956
Deferred outflows of resources	192,554
Cost of capital assets	\$266,747
Less: Accumulated depreciation	<u>(264,471)</u> <u>2,276</u>
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Net pension liability	(787,051)
Net OPEB obligation	(969,943)
Deferred inflows of resources	<u>(55,730)</u>
Net Position (Statement A)	<u><u>(\$146,938)</u></u>

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,  
and Changes in Fund Balances

For the Year Ended June 30, 2018

**REVENUES**

Licenses and permits - marriage	\$2,750
Intergovernmental revenues - state funds:	
Clerk's supplemental compensation	23,350
Fees, charges, and commissions for services:	
Court costs, fees, and charges	303,753
Fees for recording legal documents	342,638
Fees for certified copies of documents	73,327
Criminal fees	23,441
UCC fees	73,748
Other	124,863
Bond forfeitures	1,964
Use of money and property - interest earnings	3,356
Other	9,028
Total revenues	<u>982,218</u>

**EXPENDITURES**

Current:	
General government - judicial:	
Personal services	727,178
Operating services	177,165
Materials and supplies	16,413
Travel and other charges	50,024
Total expenditures	<u>970,780</u>

**EXCESS OF REVENUES  
OVER EXPENDITURES**

11,438

**FUND BALANCES AT BEGINNING OF YEAR**

1,459,518

**FUND BALANCES AT END OF YEAR**

\$1,470,956

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2018

Total net change in fund balances - governmental funds (Statement D)	\$11,438
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	(6,398)
Payments of long-term debt, including contributions to OPEB obligation, are reported as expenditures in governmental funds. However, those amounts are a reduction of long-term liabilities in the Statement of Net Position and are not reflected in the Statement of Activities.	(45,627)
Non-employer contributions to pension plan	55,687
Pension expense	<u>(12,681)</u>
Change in net position of governmental activities (Statement B)	<u>\$2,419</u>

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
Statement of Fiduciary Net Assets - Agency Funds

June 30, 2018

	<u>ADVANCE DEPOSIT</u>	<u>REGISTRY OF COURT</u>	<u>NON SUPPORT</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$1,087,009	\$197,432	\$9	\$1,284,450
Receivables	12,175		2,442	14,617
Due from other funds		2,853		2,853
<b>TOTAL ASSETS</b>	<u>\$1,099,184</u>	<u>\$200,285</u>	<u>\$2,451</u>	<u>\$1,301,920</u>
<b>LIABILITIES</b>				
Accounts payable			\$482	\$482
Due to other funds			1,960	1,960
Due to Others	\$1,099,184	\$200,285	9	1,299,478
<b>TOTAL LIABILITIES</b>	<u>\$1,099,184</u>	<u>\$200,285</u>	<u>\$2,451</u>	<u>\$1,301,920</u>

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

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

**A. REPORTING ENTITY**

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

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

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

### Notes to the Financial Statements (Continued)

2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury maintains and operates the parish courthouse in which the clerk of court's office is located and provides partial funding for equipment, furniture and supplies of the clerk of court's office, the clerk of court was determined to be a component unit of the Morehouse Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the Morehouse Parish financial reporting entity.

#### **B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The clerk of court's basic financial statements include both government-wide (reporting the clerk of court as a whole) and fund financial statements (reporting the clerk's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the clerk are classified as governmental.

The Statement of Net Position (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the clerk, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Position, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net position are reported in three parts: invested in capital assets, net of any related debt; restricted net position; and unrestricted net position. The clerk first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues,

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

### Notes to the Financial Statements (Continued)

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*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the clerk's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the clerk's general revenues.

**Allocation of Indirect Expenses** - The clerk reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

### C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the clerk are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the clerk. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The clerk of court's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the clerk are described as follows:

### **Governmental Fund Type**

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

### **Fiduciary Fund Type - Agency Funds**

The Advance Deposit, Registry of Court and Non Support Expense agency funds are used to account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

## **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

### Notes to the Financial Statements (Continued)

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

#### **Revenues**

Intergovernmental revenue, 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 recognized when received by the clerk of court.

Based on the above criteria, intergovernmental revenue, recordings, cancellations, 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.

### **E. CASH AND CASH EQUIVALENTS**

Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the clerk of court has cash and cash equivalents (book balances) totaling 2,738,658.

MOREHOUSE PARISH CLERK OF COURT  
 Bastrop, Louisiana  
 Notes to the Financial Statements (Continued)

Petty Cash	\$170
Demand deposits	1,818,488
Time deposits	920,000
Total	<u>\$2,738,658</u>

*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. Under state law, the 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 or exceed 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 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's name.

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2018, are secured as follows:

Bank Balances	<u>\$2,779,401</u>
Federal deposit insurance	\$1,535,939
Pledged securities (uncollateralized)	<u>2,196,124</u>
Total	<u>\$3,732,063</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the clerk, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk of court that the fiscal agent has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the clerk's name.

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

### F. CAPITAL ASSETS

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

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the clerk, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

### G. ANNUAL AND SICK LEAVE

All employees of the clerk of court's office earn from 5 to 20 days of vacation leave each year, depending on length of service. Vacation leave must be taken during the year earned and cannot be carried forward to the following year. All employees of the clerk's office earn five days of sick leave annually. A maximum of 420 hours (60 days) sick leave may be accumulated and carried forward to the succeeding calendar year. Employees are not paid for accumulated sick leave upon termination of employment.

### H. RISK MANAGEMENT

The clerk is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the clerk maintains commercial insurance policies covering professional liability and surety bond coverage. In addition to the above policies, the clerk also maintains an errors and omissions claims paid policy with the Louisiana Clerks of Court Risk Management Agency. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2018.

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

### I. PENSION PLANS

The Morehouse Parish Clerk's Office is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 4. 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.

### J. OPEB PLAN

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

### K. EQUITY CLASSIFICATIONS

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. The Clerk adopted GASB Statement 54 for the year ended June 30, 2018. As such, fund balances of the governmental funds are classified as follows:

*Nonspendable* - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

*Restricted* - represents balances where constraints have been established by parties outside the Clerk's office or imposed by law through constitutional provisions or enabling legislation.

*Committed* - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Clerk's highest level of decision-making authority.

*Assigned* - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

*Unassigned* - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Clerk reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Clerk reduces committed amounts first, followed by assigned amounts and the unassigned amounts.

## L. 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.

MOREHOUSE PARISH CLERK OF COURT  
 Bastrop, Louisiana  
 Notes to the Financial Statements (Continued)

**M. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS AND RESTATEMENT OF NET POSITION**

The Morehouse Parish Clerk of Courts' Office adopted Government Accounting Standards Board (GASB) Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") to replace GASB 45. The net effect to the Government-Wide Statement of Net Position is as follows:

Total Net Position, June 30, 2017, as previously stated	\$49,428
Net Change in OPEB at June 30, 2018	<u>(196,366)</u>
Total Net Position, June 30, 2018, Restated	<u><u>(\$146,938)</u></u>

**2. RECEIVABLES**

The receivables of \$37,816 as of June 30, 2018, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Appropriation from State		\$2,442	\$2,442
Suits and successions		12,175	12,175
Fees, charges, and commissions for services:			
Recordings, Cancellations, Mortgages, etc.	\$18,137		18,137
Court Attendance	580		580
Criminal Fees	247		247
Salary Reimbursement	<u>4235</u>		<u>4,235</u>
Total	<u><u>\$23,199</u></u>	<u><u>\$14,617</u></u>	<u><u>\$37,816</u></u>

**3. CHANGES IN CAPITAL ASSETS**

A summary of changes in office furnishings and equipment follows:

Balance, June 30, 2017	\$266,747
Additions	NONE
Deletions	NONE
Balance, June 30, 2018	<u>266,747</u>
Less accumulated depreciation	<u>(264,471)</u>
Net Capital Assets	<u><u>\$2,276</u></u>

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

**4. NOTE DISCLOSURES AND REQUIRED SUPPLEMENTARY  
INFORMATION FOR A COST-SHARING EMPLOYER**

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

Substantially all employees of the Morehouse 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.

*Summary of Significant Accounting Policies.*

The Louisiana Clerks' of Court Retirement and Relief Fund prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

The Louisiana Clerks' of Court Retirement and Relief Fund employer schedules were prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of June 30, 2017.

*Plan Fiduciary Net Position*

Plan fiduciary net position is a significant component of the Fund's collective net pension liability. The Fund's plan fiduciary net position was determined using the accrual basis of accounting. The Fund's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the Fund's investments. Accordingly, actual results may differ from estimated amounts.

## MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

### *Plan Description.*

The Louisiana Clerks' of Court Retirement and Relief 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. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.lia.la.gov](http://www.lia.la.gov).

### *Plan Benefits*

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more and terminating employment. Regular retirement benefits, payable monthly for life, equal  $3\frac{1}{3}$  percent of the members 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 age to 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

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

According to the state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 19.0%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance any unfunded accrued liability. In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2018, the Clerk reported a liability of \$787,051 for its proportionate share of the net pension liability. 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 Clerks' proportion of the net pension liability was based on a projection of the Clerks' long-term share of contributions to the pension plan relative to the projected contributions of all participating clerks' actuarially determined. At June 30, 2017, the Clerks' proportion was .5222 percent, which was an increase of .0003 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$12,681 at June 30, 2017, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning balance	\$334,916	\$55,155
Change in system deferred outflows and inflows of resources	(165,715)	(12,037)
Changes in proportionate share	12,521	
Differences between Clerk of Court contributions and proportionate share of contributions		36
Contributions for measurement period	(89,168)	
Clerk of Court contributions subsequent to the measurement date	100,000	
Total	\$192,554	\$43,154

\$100,000 reported as deferred outflows of resources related to pensions resulting from the Clerks' contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$3,649
2019	38,035

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

2020	\$18,320
2021	(27,586)
Total	32,418

**Actuarial assumptions.** The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Actuarial cost Method	Entry Age Normal Method
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense
Projected salary increases	5.0%
Inflation rate	2.5%
Mortality rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Healthy Annuitant Table for healthy annuitants (set forward 1 year for males) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females)
Expected remaining service lives	2014 - 5 years, 2015 - 5 years, 2016 - 5 years, 2017 - 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The actuarial assumptions used are based on the assumptions used in the 2017 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study performed over the period July 1, 2009 through June 30, 2014 unless otherwise specified.

The discounted 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

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building block method.

*Sensitivity of the Clerks' proportionate share of the net pension liability to changes in the discount rate.*

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2017.

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Clerks' proportionate share of the net pension liability	\$1,204,471	\$787,051	\$432,677

**5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description.* The Morehouse Parish Clerk of Court (the Clerk) provides certain continuing health care and life insurance benefits for its retired employees. The Morehouse Parish Clerk of Court's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Clerk. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Clerk. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions-Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria-Defined Benefit.*

*Benefits Provided* - Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. Employees are covered by the Louisiana Clerks' of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of age 55 and 25 years of service; or, attainment of age 60 and 20 years of service; employees hired on and after January 1, 2011 are not able to retire or enter DROP until age 60 without actuarial reduction in benefits.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

*Employees covered by benefit terms* - At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>11</u>
Total employees	<u>14</u>

**Total OPEB Liability**

The Clerk's total OPEB liability of \$969,943 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	3.5%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index over the 52 weeks immediately preceding the applicable measurement dates.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

**Changes in the Total OPEB Liability**

Balance at June 30, 2017	\$936,892
Changes for the year:	
Service cost	28,201
Interest	33,778
Differences between expected and actual	(12,576)
Benefit payments and net transfers	<u>(16,352)</u>
Net Changes	<u>33,051</u>
Balance at June 30, 2018	<u>\$969,943</u>

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

*Sensitivity of the total OPEB liability to changes in the discount rate* - The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current discount rate:

	1.0% Decrease (2.5%)	Current Discount Rate (3.5%)	1.0% Increase (4.5%)
Total OPEB liability	\$1,156,007	\$969,943	\$824,431

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates* - The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current discount rate:

	1.0% Decrease (4.5%)	Current Discount Rate (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$818,601	\$969,943	\$1,165,402

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

For the year ended June 30, 2018, the Clerk recognized OPEB expense of \$61,193. At June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenditures	NONE	(\$12,576)

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

Year ended June 30:	
2019	(\$786)
2020	(786)
2021	(786)
2022	(786)
2023	(786)
Thereafter	(\$7,860)

**MOREHOUSE PARISH CLERK OF COURT**

Bastrop, Louisiana  
Notes to the Financial Statements (Continued)

**6. CHANGES IN AGENCY FUND BALANCES**

A summary of changes in agency fund balances deposits due others follows:

	Advance Deposit Fund	Registry of Court Fund	Non Support Fund	Total
Balance, June 30, 2017	\$1,022,619	\$368,872	\$3,695	\$1,395,186
Additions	532,540	44,027	24,082	600,649
Deletions	(\$455,975)	(\$212,614)	(\$27,768)	(\$696,357)
Balance June 30, 2018	<u>\$1,099,184</u>	<u>\$200,285</u>	<u>\$9</u>	<u>\$1,299,478</u>

**7. LITIGATION AND CLAIMS**

The Morehouse Parish Clerk of Court is not involved in any litigation at June 30, 2018, nor is she aware of any unasserted claims.

**8. EXPENDITURES OF THE CLERK OF COURT  
PAID BY THE POLICE JURY**

The Morehouse Parish Clerk of Court's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Morehouse Parish Police Jury.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended June 30, 2018

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
License and permits-marriage	\$4,000	\$2,750	\$2,750	
Intergovernmental revenues - state funds:				
Clerk's supplemental compensation	23,400	21,400	23,350	\$1,950
Other state grant				
Fees, charges, and commissions for services:				
Court costs, fees, and charges	293,000	307,922	303,753	(4,169)
Fees for recording legal documents	290,000	343,563	342,638	(925)
Fees for certified copies of documents	105,000	74,394	73,327	(1,067)
Criminal fees	25,000	24,366	23,441	(925)
UCC fees	85,000	75,858	73,748	(2,110)
Other	164,000	112,603	124,863	12,260
Bond forfeitures	2,100	2,100	1,964	(136)
Use of money and property - interest earnings	5,000	4,000	3,356	(644)
Other	15,000		9,028	9,028
Total revenues	<u>1,011,500</u>	<u>968,956</u>	<u>982,218</u>	<u>13,262</u>
<b>EXPENDITURES</b>				
Current:				
General government - judicial				
Personal services and related benefits	717,339	726,527	727,178	(651)
Operating services	152,729	82,192	177,165	(94,973)
Materials and supplies	15,600	15,137	16,413	(1,276)
Travel and other charges	49,581	135,742	50,024	85,718
Capital outlay	75,000	895		895
Total expenditures	<u>1,010,249</u>	<u>960,493</u>	<u>970,780</u>	<u>(10,287)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	1,251	8,463	11,438	2,975
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>1,691,126</u>	<u>1,691,126</u>	<u>1,459,518</u>	<u>(231,608)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$1,692,377</u></u>	<u><u>\$1,699,589</u></u>	<u><u>\$1,470,956</u></u>	<u><u>(\$228,633)</u></u>

See accompanying note to budgetary comparison schedule.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended June 30, 2018

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

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

Morehouse Parish Clerk of Court  
 Schedule of Changes in Net OPEB Liability and Related Ratios  
 FYE June 30, 2018

Schedule of Funding Progress

**Total OPEB Liability**

Service cost	\$28,201
Interest	33,778
Changes of benefits terms	NONE
Differences between expected and actual experience	(12,576)
Changes of assumptions	NONE
Benefit payments	<u>(16,352)</u>
Net change in total OPEB liability	33,051
Total OPEB liability - beginning	<u>936,892</u>
Total OPEB liability - ending	<u><u>\$969,943</u></u>
Covered employee payroll	\$494,813
Net OPEB liability as a percentage of covered-employee payroll	196.02%

Note:

*Benefit Changes.* There were no changes of benefit terms for the year ended June 30, 2018

*Changes of Assumptions.* There were no changes of assumptions for the year ended June 30, 2018.

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

**Morehouse Parish Clerk of Court  
Schedule of Employer's Share of Net Pension Liability  
June 30, 2018**

Actuarial Valuation Date	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.537410%	\$724,899	\$485,639	149.27%	79.37%
June 30, 2016	0.519498%	\$779,263	\$469,993	165.80%	78.13%
June 30, 2017	0.519152%	\$960,418	\$473,853	202.68%	74.17%
June 30, 2018	0.522150%	\$787,051	\$469,305	167.71%	79.69%

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

**Morehouse Parish Clerk of Court  
Schedule of Employer Contributions  
June 30, 2018**

Actuarial Valuation Date	Contractually Required Contribution	Contributions in Relations to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$89,843	\$89,843	\$0	\$485,639	18.50%
June 30, 2016	\$89,299	\$89,299	\$0	\$469,993	19.00%
June 30, 2017	\$90,032	\$90,032	\$0	\$473,853	19.00%
June 30, 2018	\$89,168	\$89,168	\$0	\$469,305	19.00%

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

OTHER SUPPLEMENTARY INFORMATION  
PART III

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2018

CAROL JONES, CLERK OF COURT

PURPOSE	AMOUNT
Salary	\$110,154
Expense Allowance	13,355
Supplemental Compensation	23,400
Election expense	2,100
Benefits-insurance	10,227
Benefits-retirement	39,853
Car Allowance	15,276
Per Diem	1,338
Registration fees	1,395
Housing and lodging	5,253
Membership dues-Clerk's Association	2,189

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and For the Year Ended June 30, 2018

**FIDUCIARY FUND TYPE - AGENCY FUNDS**

**ADVANCE DEPOSIT FUND**

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

**REGISTRY OF COURT FUND**

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

**NON SUPPORT FUND**

The Non Support Fund accounts for the collection and distribution of child support obligations and the assessment and remittance of a five per cent fee on the child support payments.

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Unsettled  
Balances Due to Taxing Bodies and Others  
For the Year Ended June 30, 2018

	ADVANCE DEPOSIT FUND	REGISTRY OF COURT FUND	NON SUPPORT FUND	TOTAL
<b>UNSETTLED DEPOSITS AT BEGINNING OF YEAR</b>	<u>\$1,022,619</u>	<u>\$368,872</u>	<u>\$3,695</u>	<u>\$1,395,186</u>
<b>ADDITIONS</b>				
Appropriations from State			24,078	24,078
Deposits in suits	532,540	43,895		576,435
Interest earned on investments		132	4	136
Total additions	<u>532,540</u>	<u>44,027</u>	<u>24,082</u>	<u>600,649</u>
Total	<u>1,555,159</u>	<u>412,899</u>	<u>27,777</u>	<u>1,995,835</u>
<b>REDUCTIONS</b>				
Clerk's costs to General Fund	296,393		24,144	320,537
Deposits settled to:				
Litigants	67,190	212,614		279,804
Appraisers, curators, and keepers	13,509			13,509
Sheriff	46,193		3,504	49,697
Other reductions	32,690		120	32,810
Total reductions	<u>455,975</u>	<u>212,614</u>	<u>27,768</u>	<u>696,357</u>
<b>UNSETTLED DEPOSITS AT END OF YEAR</b>	<u><u>\$1,099,184</u></u>	<u><u>\$200,285</u></u>	<u><u>\$9</u></u>	<u><u>\$1,299,478</u></u>

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

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the 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.

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

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Morehouse Parish Clerk of Court, a component unit of the Morehouse Parish Police Jury, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Morehouse Parish Clerk of Court's basic financial statements, and have issued my report thereon dated December 23, 2018.

**Internal Control Over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

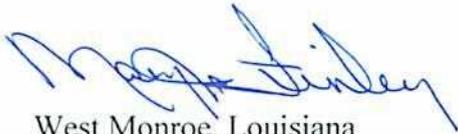
MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2018

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Morehouse Parish Clerk of Court'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 Morehouse Parish Clerk of Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana  
December 23, 2018

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Morehouse Parish Clerk of Court.
2. No instances of noncompliance material to the financial statements of the Morehouse Parish Clerk of Court was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

MOREHOUSE PARISH CLERK OF COURT  
Bastrop, Louisiana

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

There were no findings reported in the audit report for the year ended June 30, 2017.

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Morehouse Parish Clerk of Court  
PO Box 1543  
Bastrop, LA 71221

To the Morehouse Parish Clerk of Court's Office

I have performed the procedures enumerated below, which were agreed to by the management of the Morehouse Parish Clerk of Court's Office and the Louisiana Legislative Auditor, State of Louisiana, 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. Management of Morehouse Parish Clerk of Court's Office is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

**AGREED-UPON PROCEDURES**

**WRITTEN POLICIES AND PROCEDURES**

1. The Morehouse Parish Clerk of Court has no written policies and procedures for the test period.

**BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)**

2. The Morehouse Parish Clerk of Court's office does not have a board or a finance committee therefore this procedure 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) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged):

The agency provided me with a certified list of all bank accounts. September, 2017 was randomly selected to be tested. The agency had a total of 56 bank accounts, so a random sample of 5 bank accounts were selected to test the following:

For the 5 bank accounts selected above, it was determined that the bank reconciliations were dated to show evidence that they were reconciled within 2 months of the closing date of the statements.

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

For the 5 bank accounts selected above, it was determined that the bank reconciliations are performed by chief deputy, but there is not written documentation that the reconciliations were reviewed by anyone.

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

For the 5 bank accounts selected above, 2 of the 5 accounts had outstanding reconciling items over 12 months.

## COLLECTIONS

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Agency provided me with a certified list of deposit sites and I verified that it was complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites). obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A) Employees that are responsible for cash collections do not share cash drawers/registers.

The clerk's office has a risk management policy but it does not cover employee theft. The agency has 2 cash drawers (one upstairs and one downstairs). Multiple deputies work out of

each of the cash registers. All recording and other cost collection payments are posted to the accounting software when received by the deputies. One of the deputies reconciles the cash drawer at the end of the day and prepares the deposit. The chief deputy makes the deposit. The bank reconciliation is prepared by the chief civil deputy. The other cash drawer is for criminal costs. The money is collected by the deputies upstairs. This drawer is not reconciled on a daily basis. One of the deputies from upstairs brings the money collected from upstairs to the downstairs drawer and it is recorded in the accounting system at that time. The chief civil deputy makes the deposit. At the end of the month, the advance costs are imported into the accounting software and checks are disbursed at the end of the month. The chief civil deputy reconciles the bank statement. The Clerk reviews all bank statements.

- B) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The deposit is not always made by an employee that is different from the employee that is reconciling the cash drawers. The collections for advance deposit are imported into the accounting system once a month. Once deposits are made for the salary fund, they are given to the chief deputy and she posts them in the accounting system.

- C) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The deposit is not always made by an employee that is different from the employee that is reconciling the cash drawers. The collections for advance deposit are imported into the accounting system once a month. Once deposits are made for the salary fund, they are given to the chief deputy and she posts them in the accounting system.

- D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The cash drawers are not reconciled on a daily basis. The collections for advance deposit are posted to the accounting system after deposits are made. Deposits for the salary fund are made by the chief deputy and then posts them in the accounting system.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

The Clerk does not have employee theft insurance coverage on the employees.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the

same day). *Alternately, the practitioner may use a source document other than bank statement when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- A) Observe that receipts are sequentially pre-numbered.

The Clerk does not use pre-numbered receipts, the system generates receipts when money is collected.

- B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Deposit documentation was traced to the cash register information for the days receipts.

- C) Trace the deposit slip total to the actual deposit per the bank statement.

The deposit slips selected were traced to the bank statements for all accounts.

- D) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

The Clerk's office upstairs area does not make daily deposits. The clerks office downstairs makes daily deposits.

- E) Trace the actual deposit per the bank statement to the general ledger.

The deposit slips selected were traced from the bank statements to the general ledger posting.

#### **NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Agency provided a complete list of locations that process payments and represented that the list was complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

A) At least two employees are involved in initialing a purchase request, approving a purchase, and placing an order/making the purchase.

The Clerk does not use a purchase order system. The chief deputy initiates all purchases and the Clerk approves all purchases. The Clerk has ultimate approval on all purchases.

B) At least two employees are involved in processing and approving payments to vendors.

The chief deputy initiates all checks and the Clerk signs all checks. The Clerk has ultimate approval on all purchases.

C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The chief deputy adds any new vendors and the Clerk approves all new vendors added.

D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The chief deputy initiates all checks and the Clerk signs all checks. The Clerk gives all signed checks to the chief deputy to mail. The Clerk has ultimate approval on all purchases.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A) Observe that the disbursement matched the related original invoice/billing statement.

All disbursements selected to be tested had the proper support documentation.

B) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The chief deputy initiates all checks and the Clerk signs all checks. The chief deputy reconciles the bank statements. There is no written evidence that the reconciliation are reviewed by anyone. The Clerk is ultimately responsible for all disbursements of the Clerks office. The Clerk does review the bank statements.

#### **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.

The agency provided me with a certified list of all active credit cards, fuel cards, etc.

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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

The chief deputy reviews and attaches proper support to the credit card statement.

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

For the card tested, there were no service charges or interest charges noted.

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 for the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

All transactions tested had the proper documentation. All transactions tested appeared to be for business purposes.

## **TRAVEL AND EXPENSE REIMBURSEMENT**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement form/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The agency provided me with a certified list of travel or related expense reimbursements during the testing period and represented that the list was complete.

- A) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

The agency is using the established rate and that is being paid to the employees.

- B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Any reimbursements tested for reimbursement at per diem rates had the proper documentation. It was noted the expenditures were for business purposes. The Clerk reimbursements were not approved by anyone other than the Clerk.

- C) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

All reimbursements were supported by proper documentation. No meal charges were tested.

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

The Clerk reviews and approves all travel reimbursements. No one other than the Clerk reviews the reimbursements for the Clerks travel expenses.

## **CONTRACTS**

15. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **PAYROLL AND PERSONNEL**

16. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
17. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
18. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.
19. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **ETHICS (EXCLUDING NONPROFITS)**

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

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

Agency provided support for ethics training for the five randomly selected employees above.

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.

Agency did not have any documentation to show that the employees have read the agency policy concerning the ethics policy.

## **DEBT SERVICE**

21. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

22. The Morehouse Clerk of Court had no exceptions in the prior year AUP testing, therefore this section was excluded from testing for the current period.

## **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.

The clerk's office has no known misappropriation of funds during the test period.

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.

I observed the fraud hotline notice posted on the premises.

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

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



Mary Jo Finley, CPA

December 23, 2018



## CAROL JONES

CLERK, FOURTH DISTRICT COURT  
PARISH OF MOREHOUSE

PHONE (318) 281-3343  
FAX (318) 281-3775

100 EAST MADISON AVE.  
P. O. BOX 1543  
BASTROP, LA 71221-1543

### Responses to Independent Accountant's Report On Applying Agreed-Upon Procedures FYE June 30, 2018

#### WRITTEN POLICIES AND PROCEDURES

1. The Clerk now has written policies and procedures.

#### BANK RECONCILIATIONS

2. B The Clerk does review the reconciliation. When the account is reconciled a copy of that month's journal along with a Revenue and Expense Report is given to the Clerk to review. In the future the Clerk will sign off on this.

The Advance Deposit Account does have outstanding checks that need to be addressed but because of duplicated check numbers this would cause a problem. The clerk will contact Software & Services and see if it can be resolved.

#### COLLECTIONS

5. A. The Clerk's office has a risk management policy but it does not cover employee theft, but the Clerk will check into this.  
B. Further separation of duties is not feasible with the number of employees in the department. The deposit is made by an employee that is different from the employee that is reconciling the cash drawers. Each department reconciles their own cash drawer and then the chief deputy makes deposits for all departments.  
C. The staffs reconcile the drawers daily and the chief deputy does the end of the month procedures and reconciles the bank statements. Being a small parish this is the best we can do.  
D. The cash Drawer are reconciled on a daily basis, except for the Criminal Department that brings down large deposits. The Clerk will address this problem.
6. The Clerk does not have employee theft insurance coverage on the employees but will consider the need for it.
7. A. The software assigns receipt numbers when money is collected. Multiple deputies collect money.  
D. The Clerk's office upstairs area does not make daily deposits because of such small amounts taken in each day and the minute clerks are usually in court Monday through Thursday.

10. B. The Clerk receives a report each month along with a Revenue and Expense report when reconciled to review. The Clerk will sign off on it from now on.

TRAVEL AND EXPENSE REIMBURSEMENT

14. D. The Clerk does review all travel reimbursements, but when the Chief Deputy writes the checks she checks over these expenses too.

Ethics

20. B. In the future, employees will verify by signature the policy and procedure has been read.



Carol Jones, Clerk  
Morehouse Parish Clerk  
December 27, 2018