

**FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana**

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

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

C O N T E N T S

		<u>Page No.</u>
<b>Independent Auditor's Report</b>		3
<b>Required Supplemental Information (Part I)</b>		
Management's Discussion and Analysis		7
<b>Basic Financial Statements</b>		
	<u>Statement</u>	<u>Page No.</u>
Government-Wide Financial Statements:		
Statement of Net Position	A	12
Statement of Activities	B	13
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C	14
Reconciliation of the Governmental Funds Balance Sheet to The Financial Statement of Net Position		15
Statement of Revenues, Expenditures, and Changes in Fund Balances	D	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities		17
Fiduciary - Agency Funds:		
Statement of Fiduciary Net Assets	E	18
Notes to the Financial Statements		19

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
<b>Required Supplemental Information (Part II):</b>		
Budget Comparison Schedule - General Fund	1	38
Note to Budgetary Comparison Schedule		39
Employee Health Care Plan - Schedule of Funding Progress	2	40
Schedule of Employer's Share of Net Pension Liability	3	41
Schedule of Employer Contributions	4	42
<b>Other Supplemental Schedules (Part III):</b>		
Schedule of Compensation, Benefits and Other Payments to Agency Head	5	44
Nonmajor Governmental Funds -		
Fiduciary Fund Type - Agency Funds - Combining Schedule of Changes in Unsettled Deposits	6	46
<b>Reports Required by Government          Auditing Standards (Part IV)</b>		
<b>Independent Auditor's Report Required by          Government Auditing Standards (Part IV):</b>		
Report on Compliance and Internal Control over Financial Reporting		49
Schedule of Findings and Questioned Costs	7	51
Summary Schedule of Prior Audit Findings	8	53
Agency Corrective Action Plan		54
Agreed Upon Procedures		55
Agency Agreed Upon Procedures Response		63

## **Independent Auditor's Report**

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

I have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds of the Franklin Parish Clerk of Court, a component unit of the Franklin 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 and the Louisiana Governmental Audit Guide. 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 Franklin 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 Franklin 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.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Independent Auditor's Report,  
June 30, 2018

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

*Opinions*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, major fund, and fiduciary funds information of the Franklin 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, the schedule of the Clerks' proportionate share of the net pension liability on page 41, and the Schedule of Employer Contributions on page 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 Franklin 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 schedule of changes in unsettled deposits is 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

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Independent Auditor's Report,  
June 30, 2018

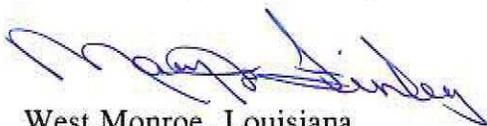
information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated March 7, 2019, on my consideration of the Franklin 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 Franklin Parish Clerk of Court's internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report, dated March 7, 2019, on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



West Monroe, Louisiana  
March 7, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

As management of the Franklin Parish Clerk of Court, I offer readers of the Franklin Parish Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin Parish Clerk of Court's performance.

### **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 Franklin Parish Clerk of Court exceeded assets by \$639,686. Assets of the Franklin Parish Clerk of Court exceed Net Position due to the Net OPEB and Net Pension Liabilities. 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 Franklin 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	\$215,112	\$230,882
Receivables	16,841	13,052
Due from agency funds	124,685	121,989
Capital assets (net of accumulated depreciation)	10,975	999
TOTAL ASSETS	367,613	366,922
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	133,483	214,755
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$501,096	\$581,677
<b>LIABILITIES</b>		
Accounts payable	\$4,066	\$4,726
Payroll withholdings payable		5,360
Due to other funds	2,123	2,123
Net pension liability	536,172	627,335
Net OPEB obligation	579,704	275,225
TOTAL LIABILITIES	1,122,065	914,769
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	18,717	32,597
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	10,975	999
Unrestricted	(650,661)	(366,688)
TOTAL NET POSITION	(639,686)	(365,689)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$501,096	\$581,677

STATEMENT OF ACTIVITIES

	2018	2017
Judicial:		
Personal services	\$611,455	\$602,153
Operating services	76,977	75,884
Materials and supplies	24,020	11,262
Travel	39,137	37,197
Depreciation expense	2,904	6,910
Total Program Expenses	754,493	733,406
Program revenues:		
License and permits - marriage	2,078	2,098
Clerk's supplemental compensation	23,350	22,750
Court cost, fees, and charges	269,304	266,748
Fees for recording legal documents	344,925	255,253
Fees for certified copies of documents	18,763	9,875
Charges for use of photocopier	27,682	27,823
Election reimbursement	1,078	1,025
Miscellaneous fees	40,116	2,338
Total program revenues	727,296	587,910
Net Program Expenses	(27,197)	(145,496)
General revenues:		

Use of money and property	\$5,918	\$4,531
Other	13,746	35,571
Change in Net Position	(7,533)	(105,394)
Net Position - Beginning of year	(632,153)	(260,295)
Net Position - End of year	<u>(\$639,686)</u>	<u>(\$365,689)</u>

## Financial Analysis of the Government's Funds

As noted earlier, the Franklin 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's governmental fund balances of \$350,449 showed a decrease of \$3,265 over June 30, 2017.

### General Fund Budgetary Highlights

There was no budget amendment for the year ended June 30, 2018.

### Capital Asset and Debt Administration

**Capital assets.** The Franklin Parish Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2018, amounts to \$10,975 (net of accumulated depreciation). This investment includes furniture and equipment. There were additions of \$12,880 and no deletions for the year.

**Long-term debt.** The Franklin 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 \$579,704. Net pension obligation associated with the Pension Plan at June 30, 2018 is \$536,172.

### Requests for Information

This financial report is designed to provide a general overview of the Franklin 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 Franklin Parish Clerk of Court, P.O. Box 1564, Winnsboro, LA 71295.

**BASIC FINANCIAL STATEMENTS**

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

STATEMENT OF NET POSITION  
June 30, 2018

<b>ASSETS</b>	
Cash and cash equivalents	\$215,112
Receivables	16,841
Due from other funds	124,685
Capital assets (net of accumulated depreciation)	<u>10,975</u>
TOTAL ASSETS	<u>367,613</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Pension related	<u>133,483</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$501,096</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$4,066
Due to other funds	2,123
Net pension liability	536,172
Net OPEB Obligation	<u>579,704</u>
TOTAL LIABILITIES	<u>1,122,065</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	<u>18,717</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	10,975
Unrestricted	<u>(650,661)</u>
TOTAL NET POSITION	<u>(639,686)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$501,096</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

STATEMENT OF ACTIVITIES  
June 30, 2018

Judicial:	
Personal services	\$611,455
Operating services	76,977
Materials and supplies	24,020
Travel	39,137
Depreciation expense	2,904
Total Program Expenses	<u>754,493</u>
Program revenues:	
License and permits-marriage	2,078
Clerk's supplemental compensation	23,350
Court cost, fees, and charges	269,304
Fees for recording legal documents	344,925
Fees for certified copies of documents	18,763
Charges for use of photocopier	27,682
Election reimbursement	1,078
Miscellaneous fees	40,116
Total program revenues	<u>727,296</u>
Net Program Expenses	(27,197)
General revenues:	
Use of money and property	5,918
Other	13,746
	<u>13,746</u>
Change in Net Position	(7,533)
Net Position - Beginning of year	<u>(632,153)</u>
Net Position - End of year	<u><u>(\$639,686)</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
GOVERNMENTAL FUNDS

Balance Sheet, June 30, 2018

**ASSETS**

Cash and cash equivalents	\$215,112
Receivables	16,841
Due from agency funds	<u>124,685</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$356,638</u></u></b>

**LIABILITIES AND FUND EQUITY**

Liabilities -	
Accounts payable	\$4,066
Withholdings payable	
Due to agency funds	2,123
Fund Equity - fund balances - unassigned	<u>350,449</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u><u>\$356,638</u></u></b>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

For the Year Ended June 30, 2018

Total Fund Balances at June 30, 2018 - Governmental Funds (Statement C)		\$350,449
Deferred outflows of resources		133,483
Cost of capital assets at June 30, 2018	\$335,566	
Less: Accumulated depreciation as of June 30, 2018	<u>(324,591)</u>	10,975
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability		(536,172)
Net OPEB obligation		(579,704)
Deferred inflow of resources		<u>(18,717)</u>
Net Position at June 30, 2018 (Statement A)		<u>(\$639,686)</u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,  
and Changes in Fund Balances

For the Year Ended June 30, 2018

**REVENUES**

Licenses and permits - marriage	\$2,078
Intergovernmental revenues - state grants - Clerk's supplemental compensation	23,350
Fees, charges, and commissions for services:	
Court costs, fees, and charges	269,304
Fees for recording legal documents	344,925
Fees for certified copies of documents	18,763
Charges for use of photocopier	27,682
Election reimbursement	1,078
Miscellaneous	2,180
Use of money and property - interest earnings	5,918
Intergovernmental	<u>13,746</u>
Total revenues	<u>709,024</u>

**EXPENDITURES**

## Current:

## General government - judicial:

Personal services	559,275
Operating services	76,977
Materials and supplies	24,020
Travel and other charges	39,137
Capital outlay	<u>12,880</u>
Total expenditures	<u>712,289</u>

**EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES** (3,265)

**FUND BALANCES AT BEGINNING OF YEAR** 353,714

**FUND BALANCES AT END OF YEAR** \$350,449

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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)	(\$3,265)
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.	9,976
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.	(25,798)
Non-employer contribution to pension plan	37,936
Pension expense	<u>(26,382)</u>
Change in net position of governmental activities (Statement B)	<u><u>(\$7,533)</u></u>

The accompanying notes are an integral part of this statement.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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	\$979,270	\$201,590	\$124,432	\$1,305,292
Accounts receivable			4,389	4,389
Due from General Fund		2,123		2,123
<b>TOTAL ASSETS</b>	<u>\$979,270</u>	<u>\$203,713</u>	<u>\$128,821</u>	<u>\$1,311,804</u>
<b>LIABILITIES</b>				
Accounts payable			\$373	\$373
Due to General Fund	\$121,089		3,596	124,685
Unsettled deposits held for others	858,181	\$203,713	124,852	1,186,746
<b>TOTAL LIABILITIES</b>	<u>\$979,270</u>	<u>\$203,713</u>	<u>\$128,821</u>	<u>\$1,311,804</u>

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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 Franklin 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 Franklin Parish Police Jury is the financial reporting entity for Franklin 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 Franklin 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.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

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 Franklin 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 Franklin 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, 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*.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

**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 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.

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

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

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 \$1,520,404.

Demand deposits	\$978,615
Time deposits	541,764
Petty cash	25
Total	<u>\$1,520,404</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

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

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 are secured as follows:

Bank Balances	<u>\$1,591,607</u>
Federal deposit insurance	\$1,012,393
Pledged securities (uncollateralized)	<u>1,535,900</u>
Total	<u>\$2,548,293</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.

**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:

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

<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 full-time employees of the clerk of court's office receive 10 days of non-cumulative vacation leave each year and one day of sick leave per month, not to exceed 10 days accumulation at any time. Accumulated sick leave does not carry forward to succeeding years.

**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 his automobile, 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.

**I. TOTAL COLUMN ON THE BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**J. PENSION PLANS**

The Franklin 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

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

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.

**K. 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.

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

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

*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.

The General Fund has an unassigned fund balance of \$350,449. If applicable, the Clerk would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

## **M. 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

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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

The Franklin 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 which resulted in a restatement of Net Position. The net effect to the Government-Wide Statement of Net Position of the Clerk by (\$278,415.)

As of July 1, 2014, the Clerk implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions-Amendment of GASB Statement 27*, which resulted in a cumulative change in accounting principle and also a restatement of net position.

Errors were made during the GASB 68 calculation in the prior year. The net effect of the restatement to correct this error will be to decrease net position of the Clerk by \$11,951.

The net effect to the Government-Wide Statement of Net Position is as follows:

Total Net Position, June 30, 2017, as previously stated	(\$365,689)
Net Change in OPEB & Net Pension Liability at June 30, 2018	<u>(266,464)</u>
Total Net Position, June 30, 2018, Restated	<u><u>(\$632,153)</u></u>

**2. RECEIVABLES**

The following is a summary of receivables at June 30, 2018:

	<u>General Fund</u>	<u>Non Support</u>	<u>Total</u>
<u>Class of receivables:</u>			
Appropriation from State		\$4,389	\$4,389
Fees, charges, and commissions for services:			
Recordings	\$12,622		12,622
Certified copies	1,045		1,045
Court attendance	640		640
Criminal fees	941		941
Other fees	<u>1,593</u>		<u>1,593</u>
Total	<u>\$16,841</u>	<u>\$4,389</u>	<u>\$21,230</u>

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

**3. CHANGES IN CAPITAL ASSETS**

A summary of changes in office furnishings and equipment follows:

Balance, June 30, 2017	\$322,686
Additions	12,880
Deletions	<u>NONE</u>
Balance, June 30, 2018	\$335,566
Less accumulated depreciation	<u>(324,591)</u>
Net Capital Assets	<u>\$10,975</u>

**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 Franklin 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.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana  
Notes to the Financial Statements (Continued)

***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.

***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.la.gov](http://www.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 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.

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

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

According to the state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 20, 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 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 \$536,172 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 .354 percent, which was an increase of .0153 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$90,524. At June 30, 2018, 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
Differences between expected and actual experience	\$16,238	\$14,069
Changes in assumptions	23,385	
Net difference between projected and actual earnings on pension plan	7,343	
Changes in employer's proportion of beginning NPL	21,970	4,881
Differences between employer and proportionate share of contributions	219	33
Contributions subsequent to the measurement date	64,328	
Total	\$133,483	\$18,983

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

\$64,328 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:	
2017	\$16,428
2018	31,782
2019	16,505
2020	(14,543)
Total	50,172

**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 system 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.

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

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 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	\$820,535	\$536,172	\$294,757

**5. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description.* The Franklin Parish Clerk of Court (the Clerk) provides certain continuing health care and life insurance benefits for its retired employees. The Franklin 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

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: Attained 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.

*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	2
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>7</u>
Total employees	<u><u>9</u></u>

**Total OPEB Liability**

The Clerk’s total OPEB liability of \$579,704 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.

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

**Changes in the Total OPEB Liability**

Balance at June 30, 2017	\$553,640
Changes for the year:	
Service cost	15,013
Interest	19,903
Differences between expected and actual	266
Benefit payments and net transfers	(9,118)
Net Changes	<u>26,064</u>
Balance at June 30, 2018	<u>\$579,704</u>

*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:

	<b>1.0% Decrease (2.5%)</b>	<b>Current Discount Rate (3.5%)</b>	<b>1.0% Increase (4.5%)</b>
Total OPEB liability	\$678,464	\$579,704	\$500,291

*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:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Discount Rate (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$516,406	\$579,704	\$659,445

**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 \$34,942. 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	\$266

FRANKLIN PARISH CLERK OF COURT  
 Winnsboro, Louisiana  
 Notes to the Financial Statements (Continued)

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	\$27
2020	27
2021	27
2022	27
2023	27
Thereafter	\$106

**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, July 1, 2017	\$833,979	\$201,791	\$121,591	\$1,157,361
Additions	358,830	30,722	33,269	422,821
Deletions	<u>(334,628)</u>	<u>(28,800)</u>	<u>(30,008)</u>	<u>(393,436)</u>
Balance June 30, 2018	<u>\$858,181</u>	<u>\$203,713</u>	<u>\$124,852</u>	<u>\$1,186,746</u>

**7. LITIGATION AND CLAIMS**

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

	ORIGINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
License and permits	\$2,000	\$2,078	\$78
Intergovernmental revenues-state grants- Clerk's supplemental compensation	23,400	23,350	(50)
Fees, charges, and commissions for services:			
Court costs, fees, and charges	257,200	269,304	12,104
Fees for recording legal documents	190,000	344,925	154,925
Fees for certified copies of documents	10,000	18,763	8,763
Charges for use of photocopier	18,000	27,682	9,682
Election reimbursement	2,400	1,078	(1,322)
Miscellaneous	3,000	2,180	(820)
Use of money and property - interest earnings	4,000	5,918	1,918
Intergovernmental		13,746	13,746
Total revenues	<u>510,000</u>	<u>709,024</u>	<u>199,024</u>
<b>EXPENDITURES</b>			
Current:			
General government - judicial			
Personal services and related benefits	645,000	559,275	85,725
Operating services	114,000	76,977	37,023
Materials and supplies	25,000	24,020	980
Travel and other charges	46,000	39,137	6,863
Capital outlay	65,000	12,880	52,120
Total expenditures	<u>895,000</u>	<u>712,289</u>	<u>182,711</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(385,000)	(3,265)	381,735
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>410,000</u>	<u>353,714</u>	<u>(56,286)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$25,000</u>	<u>\$350,449</u>	<u>\$325,449</u>

See accompanying note to budgetary comparison schedule.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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 Franklin 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.

Franklin 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	\$15,013
Interest	19,903
Changes of benefits terms	NONE
Differences between expected and actual experience	266
Changes of assumptions	NONE
Benefit payments	<u>(9,118)</u>
Net change in total OPEB liability	26,064
Total OPEB liability - beginning	<u>553,640</u>
Total OPEB liability - ending	<u><u>\$579,704</u></u>
Covered employee payroll	\$356,488
Net OPEB liability as a percentage of covered-employee payroll	162.62%

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.

**Franklin 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	0.346454%	\$467,319	\$307,727	151.86%	87.34%
June 30, 2016	0.340142%	\$510,224	\$309,514	164.85%	99.23%
June 30, 2017	0.339105%	\$627,335	\$319,709	196.22%	82.10%
June 30, 2018	0.354392%	\$536,172	\$338,569	158.36%	88.49%

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

**Franklin 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	\$58,468	\$58,468	\$0	\$307,727	19.00%
June 30, 2016	\$58,808	\$58,808	\$0	\$309,514	19.00%
June 30, 2017	\$60,745	\$60,745	\$0	\$319,709	19.00%
June 30, 2018	\$64,328	\$64,328	\$0	\$338,569	19.00%

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

**OTHER SUPPLEMENTARY INFORMATION**

**PART III**

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

ANN JOHNSON, CLERK OF COURT

PURPOSE	AMOUNT
Salary	\$110,154
Expense Allowance	13,355
Supplemental Compensation	23,400
Election expense	1,800
Benefits-insurance	9,501
Benefits-retirement	39,673
Benefits-deferred compensation	10,250
Benefits-medicare	2,111
Car Allowance	22,036
Cellphone	1,603
Registration fees	930
Housing and lodging	527
Membership dues - other	45
Membership dues-Clerk's Association	2,189

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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 funds which have been received from the Louisiana Department of Social Services after judgement has been rendered in court litigation. The funds are disbursed to the appropriate governing bodies and others.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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>\$833,979</u>	<u>\$201,791</u>	<u>\$121,591</u>	<u>\$1,157,361</u>
<b>ADDITIONS</b>				
Suits and successions	348,407	30,000		378,407
Witness deposits	423			423
Bond deposits	10,000			10,000
Interest earned on investments		722		722
Appropriations from state			33,269	33,269
Total additions	<u>358,830</u>	<u>30,722</u>	<u>33,269</u>	<u>422,821</u>
Total	<u>1,192,809</u>	<u>232,513</u>	<u>154,860</u>	<u>1,580,182</u>
<b>REDUCTIONS</b>				
Clerk's costs to General Fund	210,709		26,869	237,578
Deposits settled to:				
Litigants	64,579	28,800		93,379
Appraisers, curators, keepers, etc.	4,849			4,849
Sheriff's fees	29,095		3,139	32,234
Judges Supplemental Fund	13,669			13,669
Judicial Clerk	8,175			8,175
Other reductions	3,552			3,552
Total reductions	<u>334,628</u>	<u>28,800</u>	<u>30,008</u>	<u>393,436</u>
<b>UNSETTLED DEPOSITS AT END OF YEAR</b>	<u>\$858,181</u>	<u>\$203,713</u>	<u>\$124,852</u>	<u>\$1,186,746</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***

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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 Franklin Parish Clerk of Court, a component unit of the Franklin 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 Franklin Parish Clerk of Court's basic financial statements, and have issued my report thereon dated March 7, 2019.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Franklin 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 Franklin Parish Clerk of Court's internal control. Accordingly, I do not express an opinion on the effectiveness of the Franklin 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. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001, that I consider to be a significant deficiency.

WEST CARROLL PARISH CLERK OF COURT  
Oak Grove, 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 Franklin 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is included as finding 2018-002 in the accompanying schedule of findings and questioned costs.

**Franklin Parish Clerk of Court's Response to Findings**

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

**Purpose of this Report**

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



West Monroe, Louisiana  
March 7, 2019

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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 unmodified opinion on the general purpose financial statements of the Franklin Parish Clerk of Court.
2. One instance of noncompliance material to the financial statements of the Franklin Parish Clerk of Court was disclosed during the audit.
3. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2018-001 Inadequate Segregation of Duties**

**Condition:** The segregation of duties is inadequate to provide effective internal control.

**Criteria:** Adequate segregation of duties is essential to a proper internal control structure.

**Cause of Condition:** The condition is due to economic limitations.

**Effect of Condition:** Not determined.

**Recommendation:** No action is recommended.

**Response:** Management has made changes to segregate duties in the office to help ensure a system of checks and balances.

**2018-002 Failing to file Financial Statements Pursuant to R.S. 24:513 B.(3)**

**Condition:** The Franklin Parish Clerk of Court's audited financial statements were not completed and submitted to the Louisiana Legislative Auditor's office by the statutory date of December 31, 2018.

**Criteria:** State law requires audited financial statements of governments to be submitted within six months of year end.

FRANKLIN PARISH CLERK OF COURT  
Winnsboro, Louisiana

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

**Cause of Condition:** Management was unable to provide a complete set of books in time for the external auditor to complete the audit by its due date.

**Effect of Condition:** Material noncompliance relating to the financial statements.

**Recommendation:** Management should have financial records completed in a timely manner.

**Response:** I have a small staff and unexpected medical emergencies caused me to be unable to complete my audit in a timely manner.

**FRANKLIN PARISH CLERK OF COURT  
Winnsboro, 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.



**Ann Johnson**  
*Franklin Parish Clerk of Court*

---

*Fifth Judicial District Court*  
*Post Office Box 1564*  
*Winnsboro, Louisiana 71295-1564*  
*Phone: (318) 435-5133 / Fax: (318) 435-5134*

---

March 7, 2019

Louisiana Legislature Auditor  
P. O. Box 94397  
Baton Rouge, LA., 70804

RE: Findings-Financial Statement – Year ended 2018

In response to 2018-001 Inadequate Segregation of Duties;

As Clerk of Court, I am ultimately responsible for the finances of the office. We have segregated the duties as much as the size of our office will allow. My determination to provide effective internal control has been verified in that we have adequately maintained accuracy of all finances.

In response to 2018-002 failing to file Financial Statement Pursuant to RS 24:513B(3):

We are a small, rural office with a clerk and six employees. During this year, two deputies were diagnosed with unexpected health issues. One deputy with over 40 years of service required leave from the office for major surgery and recovery before electing to retire. Another deputy with over 25 years of experience required leave from the office for extensive surgery and recovery prior to obtaining a physician's release to return to work duties. During this time, all available personnel focused on daily activities of the office and the immediate needs of the public.

We pursued options for temporary assistance and were able to hire, on a part-time basis, one retired Deputy Clerk with previous experience needed for the Clerk's Office.

Sincerely,

A handwritten signature in blue ink that reads "Ann Johnson".

Ann Johnson  
Franklin Parish Clerk of Court

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

Franklin Parish Clerk of Court  
PO Box 1564  
Winnsboro, LA 71295

To the Franklin Parish Clerk of Court's Office

I have performed the procedures enumerated below, which were agreed to by the management of the Franklin 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 Franklin 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 Franklin Parish Clerk of Court has no written policies and procedures for the test period.

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

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

The agency provided me with a certified list of all bank accounts. September, 2017 was randomly selected to be tested. A random sample of 5 bank accounts were selected for testing.

For the 5 bank accounts selected it was determined that the bank reconciliations were dated to show evidence that they were not all reconciled within 2 months of the closing date of the statements. The bank reconciliations were performed by the Clerk, and no evidence to that they were reviewed by anyone else. 3 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.
- B) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- C) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- D) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The clerk's office has a risk management policy but it does not cover employee theft. The agency has 2 cash drawers. Multiple deputies work out of the each of the cash drawers. For the Advance Deposit cash drawer written numbered cash receipts are given when money is collected. At the end of the day the cash drawer is reconciled to the receipts and the deposit is prepared. The Clerk makes the deposit weekly. The advance deposits are entered into the accounting system once a month when the bank account is being reconciled. The other cash drawer is for recording and other costs. Multiple deputies work out of this drawer. The information is put into the software when the money is collected. This drawer is reconciled daily and money is deposited weekly by the Clerk. The accounting deputy takes reports from this software and enters the information into the GFA accounting software after the deposits are made. Bank reconciliations are prepared by the Clerk.

- 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.
  - B) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip,
  - C) Trace the deposit slip total to the actual deposit per the bank statement.
  - D) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less that \$100).
  - E) Trace the actual deposit per the bank statement to the general ledger.

The Clerk does not use pre-numbered receipts, the system generates receipts when money is collected. Deposit documentation was traced to the cash register information for the days receipts. The deposit slips selected were traced to the bank statements for all accounts. The Clerk's office makes daily deposits. 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.
- B) At least two employees are involved in processing and approving payments to vendors.
- C) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- D) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The Clerk does not use a purchase order system. The Clerk's initiates and approves all purchases. The Clerk has ultimate approval on all purchases. The part time accounting deputy initiates all checks and the Clerk signs all checks. The Clerk adds any new vendors. The Clerk mails all checks.

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.

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

All disbursements selected to be tested had the proper support documentation. The accounting deputy initiates all checks and the Clerk signs all checks. The Clerk reconciles the bank statements and there is no written documentation that the bank reconciliations are reviewed by anyone else.

## **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.]]

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

The accounting deputy attaches proper support to the credit card statement and gives it to the Clerk for review and approval. 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 and 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:
  - 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)).
  - B) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - C) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - D) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

The agency is using the established rate and that is being paid to the employees. No employees received any travel expenses.

## **CONTRACTS**

15. The Franklin 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 Franklin 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 Franklin 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 Franklin 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 Franklin 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.
  - 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.

The agency provided support for ethics training for the five randomly selected employees above. The agency did not have any documentation to show that the employees have read the agency policy concerning the ethics policy.

### **DEBT SERVICE**

21. The Franklin 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 Franklin 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.

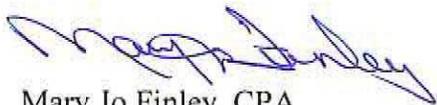
The clerk's office has no known misappropriation of funds during the test period.

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  
March 7, 2019



**Ann Johnson**  
*Franklin Parish Clerk of Court*

---

*Fifth Judicial District Court*  
*Post Office Box 1564*  
*Winnsboro, Louisiana 71295-1564*  
*Phone: (318) 435-5133 / Fax: (318) 435-5134*

---

March 7, 2019

Mary Jo Finley, CPA  
116 Professional Drive  
West Monroe, La., 71291

Following is the Franklin Parish Clerk of Court's response to the report of exceptions found during your testing performed in accordance with the LLA's Statewide Agreed-Upon Procedures:

1. We agree that written policies and procedures are needed and we are in the process of committing our policies and procedures to writing.
2. We are in the process of researching and clearing up any checks that have been outstanding for more than 12 months, and make sure reconcile within 60 days of bank statement.
5. It would not be cost effective for each employee to operate their own cash drawer.
6. We are in the process of looking at getting a theft policy.
7. Written policies and procedures are being developed to determine completeness of collections and revenue sources.
9. Due to size of office it is ultimately my responsibility for all purchases. I have hired an accounting deputy to handle purchasing.
10. I now have hired an account deputy who is reviewing all reconciliations.
12. Accounting deputy is now reviewing statements.
20. We are in the process of developing a written Ethics Policy Manual.

With Regards,

A handwritten signature in blue ink that reads "Ann Johnson".

Ann Johnson  
Clerk of Court, Franklin Parish