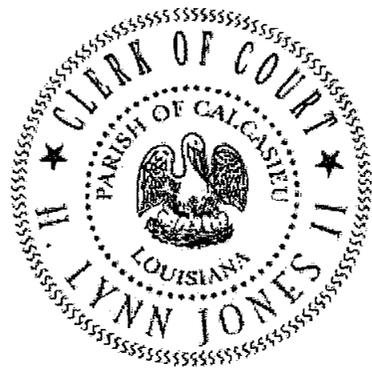


Calcasieu Parish Clerk of Court
Lake Charles, Louisiana
Financial Report
For the Year Ended June 30, 2018



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INDEPENDENT AUDITORS' REPORT

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of June 30, 2018, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in 2018 the Calcasieu Parish Clerk of Court adopted new accounting guidance, GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 43, Schedule of Changes in the Clerk's Total OPEB Liability and related Ratios on page 44, the Schedule of Employer's Proportionate Share of Net Pension Liability on page 45, and the Schedule of Employer's Contribution on page 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Calcasieu Parish Clerk of Court has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calcasieu Parish Clerk of Court's basic financials statements. The other supplementary information on pages 48 through 50 is presented for purposes of additional analysis and is not required part of the basic financial statements.

The combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and

certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the Calcasieu Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contract, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Calcasieu Parish Clerk of Court's internal control over financial reporting and compliance.

Joyce Williams, Co., CPA

Lake Charles, LA
December 21, 2018

BASIC FINANCIALS STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and interest-bearing deposits	\$ 4,452,824
Receivables	287,476
Prepaid items	25,231
Capital assets, net	<u>530,118</u>
 Total assets	 5,295,649
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>1,351,166</u>
Total assets and deferred outflows of resources	<u><u>\$ 6,646,815</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 170,234
Due to fiduciary funds	20,624
Long-term liabilities:	
Due within one year	
Current portion of capital lease obligation	53,999
Compensated absences	195,058
Due after one year	
Long-term capital lease obligation	56,469
Compensated absences	326,021
Net pension liability	5,714,214
Net OPEB obligation	<u>9,145,645</u>
 Total liabilities	 15,682,264
DEFERRED INFLOWS OF RESOURCES	
Pension related	167,274
OPEB related	24,027
NET POSITION	
Invested in capital assets, net related debt	419,650
Unrestricted	<u>(9,646,400)</u>
 Total net position (deficit)	 <u>(9,226,750)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 6,646,815</u></u>

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Activities:	Expenses	Program Revenue		Net (Expense) Revenues and Changes in Net Assets
		Fee and Charges for Service	Operating Grants	Governmental Activities
Governmental activities:				
Judicial	\$ 7,747,761	\$ 9,083,754	\$ -	\$ 1,335,993
		General revenues:		
				23,350
				46,458
				6,478
			Total general revenues	<u>76,286</u>
			Change in net position	1,412,279
			Net position (deficit) as previously reported at June 30, 2018	(6,999,246)
			Prior period adjustment	<u>(3,639,783)</u>
			Net position (deficit) - beginning of year, as restated	<u>(10,639,029)</u>
			Net position (deficit) - end of year	<u>\$ (9,226,750)</u>

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS (FFS)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2018

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 4,452,824
Receivables	287,476
Prepaid items	<u>25,231</u>
Total assets	<u><u>\$ 4,765,531</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 170,234
Due to agency funds	<u>20,624</u>
Total liabilities	190,858
FUND BALANCE	
Unassigned	<u>4,574,673</u>
Total liabilities and fund balance	<u><u>\$ 4,765,531</u></u>

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -
TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balance for governmental funds at June 30, 2018 \$ 4,574,673

Total net position reported for governmental activities in the Statement of Net Position is different due to the following:

Certain long-term assets are not reported in the fund financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position.

Deferred outflows - pension related 1,351,166

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Capital assets, net of \$2,084,709 accumulated depreciation 530,118

Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:

Long term note payable	\$ (110,468)	
Compensated absences payable	(521,079)	
Net OPEB Obligation payable	(9,145,645)	
Net pension liability	(5,714,214)	
Deferred inflows- OPEB related	(24,027)	
Deferred inflows- pension related	<u>(167,274)</u>	<u>(15,682,707)</u>

Total net position of governmental activities at June 30, 2018 \$ (9,226,750)

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2018

	General Fund
REVENUES	
Fees and charges for services:	
Fees for recording legal documents	\$ 3,885,681
Fees for certified copies of documents	443,075
Court costs, fees, and charges	4,234,375
Remote internet access	164,455
Passports	130,890
Mortgage certificates	26,379
Birth certificates	144,656
Licenses and permits	54,243
	9,083,754
Clerk's supplemental compensation	23,350
Miscellaneous income	46,458
Interest	6,478
Total revenues	9,160,040
 EXPENDITURES	
Current:	
Judicial:	
Personnel services	3,904,187
Employee benefits	2,261,595
Operating services	1,039,485
Travel and professional development	20,372
Supplies	216,445
Capital outlay	166,064
Debt services	57,847
Total expenditures	7,665,995
EXCESS OF REVENUES OVER EXPENDITURES	1,494,045
 OTHER FINANCING SERVICES	
Long-term debt issued	162,107
NET CHANGE IN FUND BALANCE	1,656,152
FUND BALANCE AT BEGINNING OF YEAR	2,918,521
FUND BALANCE AT END OF YEAR	\$ 4,574,673

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per
Statement of Revenues, Expenditures and Changes in Fund Balance \$ 1,656,152

The change in net position reported for governmental activities in the
Statement of Activities is different due to the following:

Revenues that are not available to pay current obligations are not reported
in the fund financial statements, but they are presented as revenues in the
statement of activities.

Non-employer contributions to cost-sharing pension plan 404,302

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement
of Revenues, Expenditures and Changes in Fund Balance 166,064
Depreciation expense for the year ended June 30, 2018 (62,226)
103,838

Government funds do not report changes in long term liabilities as
expenditures. However, the following changes in long-term liabilities
do appear in the Statement of Activities since the liabilities are reported
on the Statement of Net Position

Repayment of capital lease (110,468)
Increase in compensated absences (144,583)
Increase in other post retirement benefits (242,590)
Pension contribution subsequent to the measurement date 687,540
Pension expense (985,270)
Correction to prior year pension 43,358
(752,013)

Total changes in net position at June 30, 2018 per Statement of Activities \$ 1,412,279

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2018

ASSETS

Cash and cash equivalents	\$ 11,323,102
Due from general fund	<u>20,624</u>
Total assets	<u>\$ 11,343,726</u>

LIABILITIES

Due to others	<u>\$ 11,343,726</u>
Total liabilities	<u>\$ 11,343,726</u>

See accompanying notes and independent auditors' report.

Notes to the Financial Statements

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

These financial statements present the Calcasieu Parish Clerk of Court (“Clerk of Court”) as the primary government. As defined by the governmental accounting standards board (“GASB”), GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Clerk of Court is legally separate and fiscally independent, the Clerk of Court is a separate governmental reporting entity. The Calcasieu Parish Police Jury (“Police Jury”) maintains and operates the parish courthouse in which the Clerk of Court’s office is located. These transactions between the Clerk of Court and the Police Jury are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

As an independent elected official, the Clerk of Court is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

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 financial reporting entity.

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government - Wide Financial Statements (“GWFS”)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court, except fiduciary funds. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Fiduciary funds are reported only in the Statement of Fiduciary Assets at the fund financial statement level. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court’s governmental activities.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF PRESENTATION - (continued)

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a function.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a function.

Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the Clerk of Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements ("FFS")

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund is at least ten percent of the corresponding total for all funds of that category or type.

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 of Court are described as follows:

Governmental Fund Types

General Funds- 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 of Court's office. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF PRESENTATION - (continued)

Fiduciary Fund Type - Agency Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk of Court are agency funds. The agency funds account for assets held by the Clerk of Court as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

The following agency funds are utilized by the Clerk of Court:

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (“FFS”)

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

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

The government-wide financial statements are accounted for using an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - (continued)

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded in the period in which they are earned.

Expenditures

Expenditures are recorded in the period in which the goods and services are received.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

Government-Wide Financial Statements (“GWFS”)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. BUDGET PRACTICES

The Clerk of Court uses the following mandated requirements for budget practices:

1. A proposed budget is prepared and submitted to the Clerk of Court.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

E. CASH AND INTEREST-BEARING DEPOSITS

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

F. BAD DEBTS

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with GAAP, no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2018.

G. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. CAPITAL ASSETS – (continued)

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

Furniture and equipment for 3 to 10 years
Legal document library costs for 40 years

H. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to deferred comp time, vacation and sick leave:

All full time employees of the Clerk of Court's office earn vacation leave at a rate of 2 to 5 weeks each year, depending upon their length of service. Vacation must be used in the year after it is earned. Sick leave is earned at a rate of one to one and one-half days per month, depending upon length of service. Sick leave may be carried forward from year to year. When employees retire they receive a maximum of thirty days compensation for sick days. The Clerk of Court also offers employees the option of pay for overtime worked or deferred comp time which can be taken at a later date. Employees can begin accruing deferred comp time on Jan 1 of each year thru June 30. The deferred comp time cannot be carried from one calendar year to the next and must be taken by August 31 each year. Between hours 35-40 employees earn regular deferred comp time. After 40 hours deferred comp time is earned as time and one-half. No more than 70 hours can be accrued as deferred comp time in a calendar year per employee. The cost of leave privileges is recognized as current year expenditure in the general fund when the leave is actually taken. The cost of leave privileges not requiring current resources is reflected in the government-wide financial statements.

At June 30, 2018, employees of the Clerk of Court's office have accumulated \$521,079 in leave privileges; \$195,058 in current liabilities and \$326,021 in long-term liabilities.

I. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources is reported as liabilities in the governmental-wide statements. The long-term liabilities consist of notes payable, compensated absences payable, pension liability and other post-retirement benefits.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delay recognition of expenditures or revenues, respectively. At June 30, 2018, the Clerk of Court deferred inflows and outflows of resources are attributable to its pension plan and OPEB plan.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

K. EQUITY CLASSIFICATIONS

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

1. Investment in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - This amount has 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.
3. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

L. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

In the fund financial statements, governmental fund equity is classified as fund balance. The Clerk of Court adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk of Court is the highest level of decision-making authority for the Clerk of Court's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Clerk of Court.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Clerk of Court's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

L. FUND EQUITY – (continued)

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

M. INTERFUND TRANSACTIONS

Interfund transactions are reflected as services provided, reimbursements or transfers. Any residual balances outstanding between the governmental activities and the fiduciary funds are reported in the government-wide financial statements as “Due to or from fiduciary funds”. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or fiduciary funds are netted as part of the reconciliation to the government-wide presentation.

N. ESTIMATES

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

O. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In January 2017, the GASB approved Statement No. 84, “Fiduciary Activities.” GASB Statement No. 84 establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. GASB No. 84 replaces *agency funds* with *custodial funds*, which generally are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of GASB Statement No. 84 must be implemented by the Clerk for periods beginning after December 15, 2018, with earlier application encouraged. The effect of implementation of this statement on the Clerk’s financial statements has not yet been determined.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

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

In June 2015, the GASB approved Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions." GASB Statement No. 75 replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions." GASB Statement No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The provisions of GASB Statement No. 75 were implemented by the Clerk for the year ending June 30, 2018.

The net effect of the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB Statement No. 75 is as follows:

	Governmental Activities
Total net position June 30, 2017 as previously reported	\$ (6,999,246)
Change in OPEB liability as of June 30, 2017	(3,639,783)
Total net position June 30, 2017, restated	\$ (10,639,029)

2. CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2018, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$15,775,926 as follows:

	Governmental	Fiduciary	Total
Demand deposits	\$ 3,358,297	\$ 10,923,102	\$ 14,281,399
Saving deposits	302,901	-	302,901
Time deposits	785,566	400,000	1,185,566
Cash on hand	6,060	-	6,060
	\$ 4,452,824	\$ 11,323,102	\$ 15,775,926

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

2. CASH AND INTEREST-BEARING DEPOSITS – (continued)

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

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

The following is a summary of deposit balances (bank balances) at June 30, 2018, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 16,195,303</u>
Federal insurance	\$ 750,000
Pledged securities	<u>16,027,667</u>
Total insurance and pledged securities	<u>\$ 16,777,667</u>

As of June 30, 2018, the Clerk of Court's total bank balances were fully insured and collateralized with securities held in the name of the Clerk of Court by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

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

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

3. RECEIVABLES

The receivables balance as of June 30, 2018 was \$287,476, which consists of charges for services.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

4. CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Furniture and equipment	\$ 1,992,908	\$ 166,061	\$ -	\$ 2,158,969
Legal document library	455,858	-	-	455,858
	<u>2,448,766</u>	<u>166,061</u>	<u>-</u>	<u>2,614,827</u>
Less accumulated depreciation				
Furniture and equipment	\$ 1,926,283	\$ 50,463	\$ -	\$ 1,976,746
Legal document library	96,200	11,763	-	107,963
	<u>2,022,483</u>	<u>62,226</u>	<u>-</u>	<u>2,084,709</u>
Capital assets, net	<u>\$ 426,283</u>	<u>\$ 103,835</u>	<u>\$ -</u>	<u>\$ 530,118</u>

Depreciation expense of \$62,226 was charged to the general government function.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities consisted of the following at June 30, 2018:

	<u>General Fund</u>
Accounts payable	\$ 153,173
Payroll liabilities	17,061
	<u>\$ 170,234</u>

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

6. OPERATING LEASE COMMITMENT

The Clerk of Court is currently leasing a warehouse building and equipment, which are considered operating leases. The lease terms range from 36 to 60 months. These leases require a total monthly payment ranging from \$8,153 to \$12,974. Total rent expense under these leases for the year ended June 30, 2018 was \$98,656.

Future minimum operating lease commitments are as follows:

Year Ending June 30,	
2019	\$ 79,493
2020	67,815
2021	20,536
2022	6,189
Total	<u>\$ 174,033</u>

7. CAPITAL LEASE COMMITMENT

The Clerk of Court has entered into a capital lease agreement under which they have financed the data center infrastructure upgrade project.

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2018
Governmental fund activities:		
Data center infrastructure upgrade project	7.966%	\$ 110,468

Data center infrastructure upgrade project and related accumulated depreciation under capital lease are as follows:

Data center infrastructure upgrade project	\$ 162,107
Less: accumulated depreciation	44,006
Net value	<u>\$ 118,101</u>

As of June 30, 2018, capital lease annual amortization is as follows:

	Year ending June 30:
2019	\$ 57,848
2020	57,848
Total Requirements	115,697
Less interest	5,229
Present value of remaining payments	<u>\$ 110,468</u>

Amortization of financed capital project under capital assets is included within depreciation expense.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

8. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2018 is as follows.

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due within One Year
Governmental activities:					
Capital lease obligation	\$ -	\$ 162,107	\$ (51,639)	\$ 110,468	\$ 53,999
Compensated absences	231,631	434,312	(144,864)	521,079	195,058
Net OPEB	8,927,082	541,504	(322,941)	9,145,645	-
Net pension liability	6,922,579	1,136,865	(2,345,230)	5,714,214	-
	<u>\$16,081,292</u>	<u>\$ 2,112,681</u>	<u>\$ (2,813,035)</u>	<u>\$15,380,938</u>	<u>\$ 195,058</u>

9. PENSION PLAN

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

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

The Clerk of Court's office implemented GASB Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Clerk of Court's office to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

Plan description:

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

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Retirement Benefits:

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

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

Disability benefits:

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

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN -- (continued)

Disability benefits: (continued)

The following is effective for any disabled retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disabled retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008.

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

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

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

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

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

Survivor benefits:

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Deferred retirement option plan:

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

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

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

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

Cost-of-Living Adjustments:

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later. In order to grant any cost-of-living increase, the Fund must meet criteria as detailed in the Louisiana statutes related to funding status.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Cost-of-Living Adjustments: - (continued)

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

Employer contributions:

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense.

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 19.00% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk of Court's contributions to the system for the years ended June 30, 2018, 2017, and 2016, were \$972,242, \$918,505, and \$899,779, respectively, equal to the required contributions for each year.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2018, the Clerk of Court reported a liability of \$5,714,214 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Clerk of Court's proportion was 3.776909%, which was an increase of 0.034922% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Clerk of Court recognized pension expense of \$985,270. The Clerk of Court recognized revenue of \$404,302 as its proportionate share of non-employer.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: – (continued)

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual	\$ 173,051	\$ 149,943
Change of assumptions	249,216	-
Net difference between projected and actual earnings on pension plan investment	78,257	-
Change in proportion and differences between employer contributions and proportionate share of contribution	163,102	17,331
Employer contributions subsequent to the measurement date	687,540	-
Total	\$ 1,351,166	\$ 167,274

The Clerk of Court reported a total of \$687,540 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2017, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,

2019	\$	86,853
2020		44,679
2021		4,621
2022		9,616
	\$	145,769

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Actuarial assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%, net of investment expense,
Projected salary increases	5.00%
Inflation Rate	2.5%
Mortality	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for
Expected Remaining Service Lives	2017 – 5 years 2016 – 5 years 2015 – 5 years 2014 – 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Actuarial assumptions: - (continued)

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.60%, for the year ended June 30, 2017.

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

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

The discount rate used to measure the total pension liability was 7.0%. 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.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. PENSION PLAN – (continued)

Sensitivity of the employer's 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 6.00% or one percentage point higher 8.00% than the current rate as of June 30, 2017:

	Changes in Discount Rate:		
	2017		
	1%	Current	1%
	Decrease	Discount	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 8,744,800	5,714,214	\$ 3,141,356

10. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan description: 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.

Benefits provided: The Clerk provides medical, dental, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100% of pre-Medicare health Option 1, Medicare Supplement premium and retiree life insurance and 100% less \$100 of pre-Medicare health Option 2 for retirees. The plan also provides for payment of 50% of pre-Medicare and Medicare Supplement premiums for dependents. Dental is voluntary and 100% paid by the retiree. Surviving spouses are required to pay 100% of the premiums.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

10. OTHER POST-EMPLOYMENT BENEFITS – (continued)

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

Inactive employees currently receiving benefit payments	46
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	108
Total	154

Total OPEB Liability

The Clerk's total OPEB liability of \$9,145,645 was measured as of June 30, 2018 and was determined by an actuarial valuation as of January 1, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 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:	2.40%	
Salary Increases, including inflation:	3.00%	
Discount Rate:	3.62%	
Health Care Cost Trend Rates		
Medical:	Initially 7.5%, decreasing 0.25% per year to an ultimate rate of 5.0%.	
Medicare Supplement:	Initially 5.5%, decreasing 0.25% per year to an ultimate rate of 3.0%. Include 2% per year for aging.	
Dental:	Initially 3.5%, decreasing 0.25% per year to an ultimate rate of 3.0%.	
Vision:	3.0% per year.	

Retirees' Share of Benefit-Related Costs

Medical:	0% for Option 1 or \$100 for Option 2 for retirees 50% for dependents.
Medicare Supplement:	0% for retirees and 50% for dependents.
Dental:	100% for retirees and 100% for dependents.
Vision:	100% for retirees and 100% for dependents.
Basic Life Insurance:	0%

The discount rate was based on the June 30, 2018 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

10. OTHER POST-EMPLOYMENT BENEFITS – (continued)

Mortality rates for retirees and surviving spouses were based on the RPH-2014 Healthy Annuitant Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

	<u>Total OPEB Liability</u>
Balance at June 30, 2017, as previously stated	\$ 5,287,299
Prior period adjustment	3,639,783
Balance at June 30, 2017, restated	8,927,082
 Changes for the year:	
Service cost	\$ 242,857
Interest	326,107
Differences between expected and actual experience	(27,460)
Changes in assumptions/inputs	-
Change in benefit terms	-
Benefit payments	(322,941)
Administrative expense	-
Net changes	218,563
 Balance at June 30, 2018	 \$ 9,145,645

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 (2.62 percent) or 1-percentage-point higher (5.62 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.62%)</u>	<u>(3.62%)</u>	<u>(4.62%)</u>
Total OPEB Liability	\$ 10,514,962	\$ 9,145,645	\$ 8,024,818

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,938,022	\$ 9,145,645	\$ 10,546,019

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

10. OTHER POST-EMPLOYMENT BENEFITS – (continued)

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 an OPEB expense of \$565,531. 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 experience	\$ -	\$ 24,027
Changes of assumptions or other inputs	-	-
Total	\$ -	\$ 24,027

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

For the year ending June 30,

2019	\$	3,432
2020		3,432
2021		3,432
2022		3,432
2023		3,432
Thereafter		6,864
	\$	24,024

11. DEFERRED COMPENSATION PLAN

The Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. The plan, available to all Clerk of Court's employees, permits the employees to defer a portion of their salary until future years. The Clerk of Court matches 50% of employee contributions. The Clerk of Court's contribution to the plan amounted to \$129,229 for the year ended June 30, 2018.

Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2018**

12. RISK MANAGEMENT

The Clerk of Court is exposed to risks of loss in the areas of auto liability, professional liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

13. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits for the year ended June 30, 2018 follows:

	Unsettled Deposits at Beginning of Year	Additions	Reductions	Unsettled Deposits at End of Year
Agency Funds				
Advance Deposit	\$ 6,894,739	\$ 6,662,110	\$ 6,303,204	\$ 7,253,645
Registry of Court	3,474,828	1,036,992	546,544	3,965,276
Other Fiduciary Funds	102,632	83,882	61,709	124,805
Totals	<u>\$ 10,472,199</u>	<u>\$ 7,782,984</u>	<u>\$ 6,911,457</u>	<u>\$ 11,343,726</u>

14. EXPENDITURES PAID BY OR TO THE CALCASIEU PARISH POLICE JURY

The Clerk of Court's office is located in the Calcasieu Parish Courthouse. The Police Jury pays the upkeep and maintenance of the courthouse. These expenditures are not reflected in the accompanying financial statements.

Expenditures related to judge's secretary fees and telephone expenses totaling \$82,267 were paid to the Police Jury for the year ended June 30, 2018.

15. COMMITMENTS

At year end, the Clerk of Court had no commitments outstanding.

16. LITIGATION AND CLAIMS

The Clerk of Court's office is not involved in any material matters of pending or threatened litigation as of the date of the independent auditors' report.

17. SUBSEQUENT EVENTS

Management is not aware of any subsequent events through the date of the independent auditors' report, which is the date the financials were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2018.

Required Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2018

	GENERAL FUND			Variance Favorable (Unfavorable)
	BUDGET		Actual	
	Original	Final		
REVENUES				
Fees and charges for services:				
Fees for recording legal documents	\$ 2,790,000	\$ 3,811,000	\$ 3,885,681	\$ 74,681
Fees for certified copies of documents	400,000	454,000	443,075	(10,925)
Court costs, fees, and charges	3,600,000	4,227,000	4,234,375	7,375
Remote internet access	150,000	165,000	164,455	(545)
Passports	121,000	127,000	130,890	3,890
Mortgage certificates	22,000	26,000	26,379	379
Birth Certificates	85,000	144,000	144,656	656
Licenses and permits	71,000	54,000	54,243	243
Clerk's supplemental compensation	23,000	23,000	23,350	350
Interest	1,000	6,000	6,478	478
Miscellaneous income	37,000	60,000	46,458	(13,542)
Total revenues	7,300,000	9,097,000	9,160,040	63,040
EXPENDITURES				
General Government-Judicial				
Personal services	3,700,000	3,844,000	3,904,187	(60,187)
Employee benefits	2,600,000	2,142,000	2,261,595	(119,595)
Operating services	913,000	1,495,000	1,039,485	455,515
Travel and professional development	2,000	18,000	20,372	(2,372)
Supplies	275,000	261,000	216,445	44,555
Capital outlay	100,000	83,000	166,064	(83,064)
Debt services	-	-	57,847	(57,847)
Total expenditures	7,600,000	7,843,000	7,665,995	177,005
EXCESS OF REVENUES OVER EXPENDITURES	(300,000)	1,253,999	1,494,045	240,045
OTHER FINANCING SERVICES				
Long-term debt issued	-	-	162,107	
NET CHANGE IN FUND BALANCE	(300,000)	1,253,999	1,656,152	
FUND BALANCE AT BEGINNING OF YEAR OF YEAR	2,918,521	2,918,521	2,918,521	
FUND BALANCE AT END OF YEAR	\$ 2,618,521	\$ 4,172,520	\$ 4,574,673	

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF CHANGES IN THE CLERK'S TOTAL OPEB LIABILITY AND RELATED RATIOS

For the Year Ended June 30, 2018

	2018
Total OPEB Liability	
Service cost	\$ 242,857
Interest	326,107
Change in benefit terms	-
Differences between expected and actual experience	(27,460)
Change in assumptions or other inputs	-
Benefit payments	(322,941)
Net Change in Total OPEB Liability	218,563
Total OPEB Liability - beginning	5,287,299
Prior period adjustment	3,639,783
Total OPEB Liability - end	\$ 9,145,645
 Covered employee payroll	 \$ 3,611,083
 Total OPEB Liability as a percentage of covered employee payroll	 253.3%

Notes to Schedule:

 Changes of benefit terms: None

 Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

	2018	3.62%
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See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2018

<u>Year Ended</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered employee payroll</u>	<u>Share of the net pension liability as a percentage of its covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
June 30, 2016	3.63505%	\$ 4,903,196	\$ 2,997,852	163.56%	79.37%
June 30, 2017	3.75697%	\$ 5,635,566	\$ 3,185,900	187.99%	78.13%
June 30, 2018	3.74199%	\$ 6,922,579	\$ 3,618,630	191.30%	74.17%

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

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE EMPLOYER'S CONTRIBUTION
For the Year Ended June 30, 2018

Year Ended	Contractually required contribution	Contributions in relation to contractual required contribution	Contribution deficiency (excess)	Employer's covered employee payroll	Contributions as a % of covered employee payroll
June 30, 2015	\$ 569,592	\$ 654,845	\$ (85,253)	\$ 2,997,852	19.00000%
June 30, 2016	605,321	649,585	(44,264)	3,185,900	19.00000%
June 30, 2017	616,714	645,370	(28,657)	3,245,861	19.00000%
June 30, 2018	647,715	687,540	(39,825)	3,618,630	19.00000%

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

See accompanying notes and independent auditors' report.

Other Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2018

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ASSETS				
Cash and cash equivalents	\$ 7,247,121	\$ 3,965,276	\$ 110,705	\$ 11,323,102
Due from general fund	6,524	-	14,100	20,624
Total assets	\$ 7,253,645	\$ 3,965,276	\$ 124,805	\$ 11,343,726
LIABILITIES				
Due to others	7,253,645	3,965,276	124,805	11,343,726
Total liabilities	\$ 7,253,645	\$ 3,965,276	\$ 124,805	\$ 11,343,726

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended June 30, 2018

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ADDITIONS				
Deposits:				
Suits and successions	\$ 6,660,410	\$ -	\$ 83,847	\$ 6,744,257
Judgments	-	1,035,320	-	1,035,320
Interest	1,700	1,672	35	3,407
Total additions	6,662,110	1,036,992	83,882	7,782,984
DEDUCTIONS				
Distributed to litigants	1,009,017	546,544	-	1,555,561
Clerk's costs	3,992,949	-	23,828	4,016,777
Sheriff's fees	596,539	-	6,394	602,933
Women's shelter fees	-	-	10,107	10,107
Interest to General Fund	-	-	-	-
Other deductions	704,699	-	21,380	726,079
Total deductions	6,303,204	546,544	61,709	6,911,457
NET CHANGE	358,906	490,448	22,173	871,527
Balances at beginning of year	6,894,739	3,474,828	102,632	10,472,199
Balances at end of year	<u>\$ 7,253,645</u>	<u>\$ 3,965,276</u>	<u>\$ 124,805</u>	<u>\$ 11,343,726</u>

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2018

Agency Head Name: Lynn Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 174,365
Benefits-insurance	10,246
Benefits-retirement	47,532
Benefits- deferred compensation	7,200
Benefits- election custodian	2,400
Car allowance	23,904
Communication/ Technology	1,570
Per diem	1,000
Registration fees	985
	<u>\$ 269,202</u>

See accompanying notes and independent auditors' report.



Langley, Williams & Company, L.L.C.

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ALEXIS H. O'NEAL

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

To the Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Langley, Williams & Co., LLC".

Langley, Williams & Co., LLC

Lake Charles, Louisiana

December 21, 2018

**CALCASIEU PARISH CLERK OF COURT
Lake Charles, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

2. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2018.

There were no findings identified during the fiscal year ended June 30, 2018.

3. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2017.

There were no findings identified during the fiscal year ended June 30, 2017.

Calcasieu Parish Clerk of Court
 Lake Charles, Louisiana
 Summary Schedule of Current and Prior Year Audit
 Findings and Responses
 For the Year Ended June 30, 2018 and 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
----------	---	------------------------	-------------------------------	---------------------------	------------------------------	-----------------------------------

Current year (06/30/18)

Internal Control:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.

Prior year (06/30/17)

Internal Control:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.

SECTION III - MANAGEMENT LETTER

No separate management letter was issued.



Langley, Williams & Company, L.L.C.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We obtained a copy of the written policies and procedures from CPCC. There is no debt service per CPCC's trial balance making this procedure not applicable.

Exception: Three policies are not addressed: how vendors are added to the vendor list, legal review process of contracts and the requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethic policy.

Management's response: The written policies and procedures will be updated to include the items noted above.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

The clerk is an elected official. No monthly meetings or minutes are maintained, as such 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:

We obtained a list of bank accounts from management and management's representation that the list was complete. Once obtained, we selected the month of June for testing for five accounts.

- 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);

Obtained bank statements and reconciliations for selected accounts in the fiscal period noting that reconciliations have been prepared. The main operating account showed evidence of preparation within two months of the related statement closing.

Exception: The other selected reconciliations did not show evidence of preparation (initialed and dated) within two months.

Management's response: CPCC follows a process which includes a third party consultant to reconciling the bank statements during the first two weeks of the subsequent month.

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

In reviewing the reconciliations, we found that a member of management who does not handle cash, post ledgers, or issue checks has reviewed the main operating account. The other selected reconciliations did not show evidence of review; however, these reconciliations are prepared by a third party accounting consultant.

- 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.

There is no evidence that reconciling items that have been outstanding for more than twelve months from the statement closing date were reviewed.

Management's response: Although the processes/procedures mentioned above are performed on a monthly basis there is a lack of documentation of the performed activities. Management believes that there are adequate compensating control activities over these transactions and the reconciliation of the bank accounts.

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).

Obtained a listing of all deposit sites for the fiscal period and management's representation that the listing is 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.

There were no exceptions as a result of applying this procedure.

- 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.

There were no exceptions as a result of applying this procedure.

- 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.

There were no exceptions as a result of applying this procedure.

- 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.

There were no exceptions as a result of applying this procedure.

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

Exception: Employees who have access to cash are not covered by a bond or insurance policy for theft.

Management's response: All employees who have access to cash are required to account for all daily transactions. Supervisors review transactions before remitting money to the budget office. Electronic trail of all transactions is available. Budget office reviews all collections before making final daily deposit. Camera surveillance of all cash collection locations is monitored by management. For these reasons stated, the CPCC does not believe a bond or insurance policy for theft is necessary.

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 statements 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.

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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).

Per discussion with management, all payments are processed in either the Budget Office or the Bookkeeping department.

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 initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

- 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.

Exception: An employee who processes payments also has access to add/modify vendor files.

Management's response: The CPCC has control activities over the approval of payment for purchases. These controls include the review of all payments by management who do not have access to process payments.

- 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.

Exception: An employee who processes payments also mails signed checks.

Management's response: The CPCC has control activities over the approval of payment for purchases. These controls include the detailed review of the bank reconciliations.

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.

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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.

Obtained a listing of all active credit cards and management's representation that the listing is complete.

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.]]

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

Exception: There was one personal charge transaction in the amount of \$79.72 from the sample selected.

Management's response: The CPCC has control activities over the approval of payment for purchases and the exception was identified and corrected through these control activities before our testwork was performed. The charge was paid back to the CPCC within one week of the transaction date.

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

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 forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained a listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete.

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

When applicable to the sample selected, there were no exceptions as a result of applying this procedure.

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

When applicable to the sample selected, there were no exceptions as a result of applying this procedure.

- 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).

There were no exceptions as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained a listing of all agreements/contracts for the fiscal period and management's representation that the listing is complete.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

When applicable to the sample selected, there were no exceptions as a result of applying this procedure.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

There were no exceptions as a result of applying this procedure.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

None of the selected contracts were amended during the fiscal period making this procedure not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions as a result of applying these procedures.

Payroll and Personnel

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

We obtained a listing of employees and management's representation that the listing was complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

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

There were no exceptions as a result of applying this procedure.

Ethics

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

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

There were no exceptions as a result of applying this procedure.

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

Exception: The CPCC policy does not require employees to attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management's response: The CPCC has other control activities over ethics including the annual training performed by all employees as well as when hired all employees are required to read and sign the acknowledgment form of the ethics policy.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable.

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.

Management has asserted that CPCC did not have any misappropriations of public funds or assets.

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.

The required notices were posted on the entities premises and website.

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

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

Langley, Williams & Co., LLC

Langley, Williams & Co. LLC
Lake Charles, Louisiana
December 17, 2018