

**WEST BATON ROUGE PARISH
CLERK OF COURT
PORT ALLEN, LOUISIANA
FINANCIAL REPORT**

June 30, 2017



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WEST BATON ROUGE PARISH CLERK OF COURT

Table of Contents

June 30, 2017

BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT 1

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis 4

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Statement of Net Position *(Statement A)* 9

Statement of Activities *(Statement B)* 10

FUND FINANCIAL STATEMENTS

Governmental Funds:

Balance Sheet *(Statement C)* 11

Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position *(Statement D)* 12

Statement of Revenue, Expenditures and Changes in Fund Balances *(Statement E)* 13

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the
Statement of Activities *(Statement F)* 14

FIDUCIARY FUNDS:

Statements of Fiduciary Net Position *(Statement G)* 15

Statements of Changes in Fiduciary Net Position *(Statement H)* 16

NOTES TO THE FINANCIAL STATEMENTS 17

REQUIRED SUPPLEMENTARY INFORMATION:

Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual – General Fund *(Schedule 1)* 39

Schedule of Funding Progress for other Postemployment Benefits *(Schedule 2)* 40

Schedule of Employer's Proportionate Share of the Net Pension Liability *(Schedule 3)* 41

Schedule of Employer's Pension Contributions *(Schedule 4)* 42

OTHER SUPPLEMENTARY INFORMATION:

Schedule of Compensation, Benefits and Other Payments to Agency Head *(Schedule 5)* 43

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

Schedule of Findings and Responses *(Schedule 6)* 44

Schedule of Prior Year Findings *(Schedule 7)* 50



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mark Graffeo
West Baton Rouge Parish Clerk of Court
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental-type activities and each fiduciary fund of the West Baton Rouge Parish Clerk of Court, a component unit of the West Baton Rouge Parish Council, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the West Baton Rouge Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Baton Rouge Parish Clerk of Court as of June 30, 2017, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and schedules 1-4, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Baton Rouge Parish Clerk of Court's basic financial statements. The schedule of compensation, benefits and other payments to agency head on schedule 5 is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 29, 2017 on our consideration of the West Baton Rouge Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the West Baton Rouge Parish Clerk of Court's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in blue ink that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in a cursive style.

December 29, 2017
Baton Rouge, Louisiana

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis

The Management's Discussion and Analysis of the West Baton Rouge Parish Clerk of Court's (the Clerk of Court) financial performance presents a narrative overview and analysis of the Clerk of Court's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the additional information contained in the Clerk of Court's financial statements, which begins on page 9.

FINANCIAL HIGHLIGHTS

The Clerk of Court's total net position decreased by \$30,080 while fund balance increased by \$66,274.

The operating revenues of the Clerk of Court increased \$129,919 or 12.54%.

The operating expenses of the Clerk of Court increased \$142,612 or 13.45%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the reader to the Clerk of Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, and fund financial statements, and (2) notes to the basic financial statements. The Clerk of Court also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

Government-wide Financial Statements

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

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the Clerk of Court's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Clerk of Court as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities and Changes in Net Position which reports how the Clerk of Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the Clerk of Court receives or pays cash. The format for the Statement of Activities presents the expenses reduced by the Program Revenues directly related to each respective function, to determine net costs of each function. The net costs of each function

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

are normally covered by general revenues. For the Clerk of Court, the only program (function) is "Judicial." Additionally, the Clerk does not receive any operating or capital grants or contributions. All revenues are generated from fees, charges and commissions for services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The West Baton Rouge Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds, and fiduciary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk of Court's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. The West Baton Rouge Clerk of Court has only one governmental fund – the General Fund – which is used to account for the Clerk of Court's basic services.

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

The West Baton Rouge Parish Clerk of Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

The only type of *Fiduciary fund* maintained by the clerk is an "agency" fund. Agency funds are custodial in nature and represent assets held by the clerk as an agent for litigants pending court action. Under applicable standards of GASB 34, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana**

Management's Discussion and Analysis, Continued

Notes to the Basic Financial Statements

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

FINANCIAL ANALYSIS OF THE CLERK OF COURT AS A WHOLE

The Clerk of Court's net position (deficit) at fiscal year-end is \$(136,240). The following table provides a summary of the Clerk of Court's net position:

	2017	2016	Change	Percentage Change
Current assets	\$ 1,015,413	\$ 891,335	\$ 124,078	13.92%
Capital assets	1,879	4,111	(2,232)	-54.29%
Total assets	<u>1,017,292</u>	895,446	121,846	13.61%
Deferred Outflows of Resources	<u>487,474</u>	318,265	169,209	53.17%
Current liabilities	31,547	13,580	17,967	132.30%
Noncurrent liabilities	<u>1,574,198</u>	1,253,839	320,359	25.55%
Total liabilities	<u>1,605,745</u>	1,267,419	338,326	26.69%
Deferred Inflows of Resources	<u>35,261</u>	92,755	(57,494)	-61.98%
Net investment in capital assets	1,879	4,111	(2,232)	-54.29%
Unrestricted	<u>(138,119)</u>	(150,574)	12,455	-8.27%
Total net position	<u>\$ (136,240)</u>	\$ (146,463)	\$ 10,223	-6.98%

**WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana**

Management's Discussion and Analysis, Continued

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

	2017	2016	Change	Percentage Change
Operating revenues	\$ 1,166,029	\$ 1,036,110	\$ 129,919	12.54%
Operating expenses	1,203,242	1,060,630	142,612	13.45%
Operating income (loss)	(37,213)	(24,520)	(12,693)	
Non-operating revenues (expenses)	7,133	4,220	2,913	69.03%
Change in net position	\$ (30,080)	\$ (20,300)	\$ (9,780)	

Financial Analysis of the Clerk of Court's Governmental Funds

The General Fund is the Clerk of Court's operating fund and are the sources of day-to-day service delivery. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

Budgetary Highlight

At year-end, the Clerk of Court realized just over 108.9% of our final budget revenue.

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBTS

Capital Assets

The Clerk of Court's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2017 was \$1,879 compared to \$4,111 at June 30, 2016. In 2017 depreciation expense was \$2,233 and \$- was expended to purchase additional assets.

See Note 4 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities	
	2017	2016
Depreciable assets	\$ 510,860	\$ 510,861
Less accumulated Depreciation	<u>(508,981)</u>	<u>(506,750)</u>
Book value-depreciable assets	<u>\$ 1,879</u>	<u>\$ 4,111</u>

Net Pension Liability

At June 30, 2017, the Clerk reported \$1,035,934 for its proportionate share of net pension liability, \$487,474 for deferred outflows of resources and \$35,261 for deferred inflows of resources. See Note 6 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources.

Other Postemployment Benefits Liability

At June 30, 2017, the Clerk reported other postemployment benefits liability in the amount of \$538,264. This was an increase of \$56,392 as compared to the prior year. See Note 7 to the basic financial statements for further discussion of other postemployment benefits.

CONTACTING THE CLERK OF COURT'S MANAGEMENT

This financial report is designed to provide a general overview of the Clerk of Court's finances, comply with finance-related laws and regulations, and to demonstrate the Clerk of Court's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the West Baton Rouge Parish Clerk of Court, P.O. Box 170, Port Allen, LA 70767; phone number (225) 383-0378.

WEST BATON ROUGE PARISH CLERK OF COURT**Statement of Net Position**

June 30, 2017

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 650,389
Accounts receivable	56,345
Investments - LAMP	<u>308,679</u>
Total Current Assets	1,015,413
Noncurrent Assets	
Capital assets, net	<u>1,879</u>
Total Assets	<u>1,017,292</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>487,474</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	31,547
Long-Term Liabilities	
Net OPEB liability	538,264
Net pension liability	<u>1,035,934</u>
Total Long-term Liabilities	<u>1,574,198</u>
Total Liabilities	<u>1,605,745</u>
DEFERRED INFLOWS OF RESOURCES	<u>35,261</u>
NET POSITION	
Net investment in capital Assets	1,879
Unrestricted	<u>(138,119)</u>
Total Net Position	<u><u>\$ (136,240)</u></u>

WEST BATON ROUGE PARISH CLERK OF COURT*Statement of Activities**Year Ended June 30, 2017*

	Expenses	Program Revenues		Governmental
		Charges for Services, Fines, and Forfeitures	Operating Grants and Contributions	Net Revenues and Changes in Net Position
Functions/programs				
Governmental Activities				
General government	\$ 1,179,847	\$ 1,078,102	\$ 58,739	\$ (43,006)
Intergovernmental	23,395	29,188	-	5,793
Total Governmental Activities	<u>\$ 1,203,242</u>	<u>\$ 1,107,290</u>	<u>\$ 58,739</u>	<u>(37,213)</u>
General revenues:				
Investment income				<u>7,133</u>
Change in net position				<u>(30,080)</u>
Net position - beginning, as restated				<u>(106,160)</u>
Net position - ending				<u>\$ (136,240)</u>

WEST BATON ROUGE PARISH CLERK OF COURT**Balance Sheet-Governmental Fund****June 30, 2017****ASSETS****Current Assets**

Cash and cash equivalents	\$	650,389
Accounts receivable		56,345
Investments		308,679
Total Assets	\$	1,015,413

LIABILITIES AND FUND BALANCE**Liabilities**

Accrued expenses	\$	14,091
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Fund Balance

Unassigned, reported in general fund		1,001,322
Total Liabilities and Fund Balance	\$	1,015,413

WEST BATON ROUGE PARISH CLERK OF COURT**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position****June 30, 2017**

Fund balances - total governmental funds		\$ 1,001,322
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial statement of resources and, therefore, are not reported in the governmental funds		
Governmental capital assets	\$ 510,860	
Less accumulated depreciation	<u>(508,981)</u>	
		1,879
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
Pension related changes reported as deferred outflows		487,474
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds		
		(35,261)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Net OPEB liability	\$ (538,264)	
Net pension liability	(1,035,934)	
Compensated Absences	<u>(17,456)</u>	
		<u>(1,591,654)</u>
Net position of governmental activities		<u><u>\$ (136,240)</u></u>

WEST BATON ROUGE PARISH CLERK OF COURT**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund**

Year Ended June 30, 2017

REVENUES

Intergovernmental	\$ 29,188
Charges for services:	
Court cost and fees	670,596
Certified copies and data processing	93,935
Licenses	4,235
Recording fees	309,337
Investment income	7,132
	<hr/>
Total revenues	1,114,423

EXPENDITURES

Current	
General government	
Personal services and related benefits	876,995
Operating services	166,370
Capital outlay	4,784
	<hr/>
Total expenditures	1,048,149
	<hr/>
Net change in fund balance	66,274
	<hr/>
Fund balance, beginning	935,048
	<hr/>
Fund balance, ending	<u><u>\$ 1,001,322</u></u>

WEST BATON ROUGE PARISH CLERK OF COURT***Reconciliation of the Governmental Funds Statement of Revenues, Year Ended June 30, 2017
Expenditures, Changes in Fund Balances to the Statement of Activities***

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

Net change in fund balances - total governmental funds	\$ 66,274
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Amounts reported for governmental activities in the statement of activities are different because:

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	\$ -	
Depreciation expense	<u>(2,232)</u>	(2,232)

Nonemployer's contributions to the clerk employees pension plan	58,739
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

OPEB Expenses	\$ (56,392)	
Pension Expenses	(96,003)	
Compensated absences	<u>(466)</u>	(152,861)

Change in net position of governmental activities	<u>\$ (30,080)</u>
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WEST BATON ROUGE PARISH CLERK OF COURT*Statements of Fiduciary Net Position**June 30, 2017*

	Advance Deposits Fund	Registry of the Court Fund	Total
Assets			
Cash and cash equivalents	\$ 595,126	\$ 876	\$ 596,002
Investments	360,289	495,556	855,845
	955,415	496,432	1,451,847
Liabilities			
Due to the General Fund	41,361	-	41,361
Unsettled deposits	914,054	496,432	1,410,486
	955,415	496,432	1,451,847
Net Position	\$ -	\$ -	\$ -

WEST BATON ROUGE PARISH CLERK OF COURT*Statements of Changes in Fiduciary Net Position**Year Ended June 30, 2017*

	Advance Deposits Fund	Registry of the Court Fund	Total
Additions			
Suits and successions	\$ 924,710	\$ 290,273	\$ 1,214,983
Investment earnings	3,962	4,324	8,286
Total Additions	928,672	294,597	1,223,269
Deductions			
Clerk of court's cost	478,354	-	478,354
Settlement to/on behalf of litigants	-	204,436	204,436
Attorney, curator and notary fees	296,910	-	296,910
Sheriff's fees	75,220	-	75,220
Judges/Parish	38,249	-	38,249
Other deductions	24,312	-	24,312
Total Deductions	913,045	204,436	1,117,481
Change in Net Position	15,627	90,161	105,788
Unsettled Deposits, Beginning of Year	898,427	406,271	1,304,698
Unsettled Deposits, End of Year	\$ 914,054	\$ 496,432	\$ 1,410,486

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements

June 30, 2017

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies

A. Organization and Nature of Operations

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.

B. Reporting of Entity

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the West Baton Rouge Parish Council. The council maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture for the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the council, the Clerk of Court was determined to be a component unit of the West Baton Rouge Parish Council, the financial reporting entity.

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

C. Basis of Statement Presentation

The accompanying component unit financial statements of the West Baton Rouge Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

D. Fund Accounting

The Clerk of Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

General Fund

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

Fiduciary Funds

The fiduciary fund accounts for two agency funds, the advance deposit fund and the registry of court fund. Agency funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations. The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits in suits filed by litigants. The advances are refunded to the litigants after all costs are paid. The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds held by order of the court until judgment is rendered by the judiciary. Withdrawals of funds can be made only upon order of the court.

E. Measurement Focus/Basis of Accounting

Basic Financial Statements – Government – Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the West Baton Rouge Parish Clerk of Court.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

The Clerk of Court does not allocate indirect expenses.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Basic Financial Statements – Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from recordings, copies, and other services are recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

Expenditures

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

F. Budgetary Policy and Accounting

The proposed budget for the 2017 fiscal year was made available for public inspection at the Clerk's office on June 2, 2016. The proposed budget, prepared on the modified accrual basis of accounting was published in the official journal prior to the public hearing. The budget hearing was held at the Clerk's office on June 13, 2016 and the budget was legally adopted by the Clerk. All appropriations lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments; if applicable.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

G. Encumbrances

The Clerk of Court does not use an encumbrance accounting system.

H. Cash and Cash Equivalents

Cash includes amounts in 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.

I. Prepaid Items

Payments made to vendors for general insurance that will benefit periods beyond June 30th are recorded as prepaid expenditures. These amounts are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

J. Capital Assets and Depreciation

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalization purposes.

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 over the following useful lives.

<u>Assets</u>	<u>Estimated Lives</u>
Furniture and Equipment	5 to 7 Years

K. Compensated Absences

Employees receive 70 - 154 hours of vacation time per calendar year, depending on length of service. The Clerk will allow some time to be carried over if an employee is unable to schedule leave due to their work schedule. Employees are paid for any unused vacation leave upon termination of employment.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Sick leave is earned at a rate of ten days per year. Sick leave may be carried forward from year to year, however employees are not paid for unused leave upon termination of employment.

As of June 30, 2017 the Clerk had recorded in accrued expenses, \$17,455 representing unused leave for the calendar year ending 2017.

L. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of a new position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

M. Pensions

The Court is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Interfund Activities

The Clerk of Court transfers interest earned on deposits of the Advance Deposit Fund to the General Fund to be utilized by the General Fund in its operations. In those cases where the physical transfer of assets has not taken place as of year-end, or where repayment is expected, these amounts are accounted for through the various due to and due from accounts.

O. Clerk's Fees Transferred from Advance Deposit Agency Fund

These fees represent revenue to the Clerk of Court earned from everyday operations such as copying and faxing for litigants and standard fees charged on suits. These fees are collected by a transfer of litigant's money deposited in the Advance Deposit Fund to the General Fund.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciating, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2017, the Clerk had no outstanding debt.

Q. Fund Equity

In the governmental fund financial statements, fund balances 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 the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the Clerk of Court. These amounts cannot be used for any other purpose unless the Clerk of Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Clerk of Court but are not spendable until a budget ordinance is passed.

Unassigned – All amounts not included in other spendable classifications. The Clerk has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet – Governmental Funds (Statement C). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court shall pay into the parish treasury the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office, limited to no more than which was received by the clerk in accordance with R.S. 13:784(A) during said term of office. The amount owed to the parish treasurer under R.S. 13:785 is limited to the funds provided by the parish treasurer under provisions of R.S. 13:784(A) to help defray the costs of office furniture, equipment,

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

and record books during the clerk of court's four year term. The Clerk's term expired on June 30, 2016, and there are no amounts due to the parish treasurer under the provisions of R.S. 13:785. The Clerk was re-elected and the current term will not expire until June 30, 2020.

R. Use of Estimates

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

Note 2 – Cash and Cash Equivalents and Investments

Cash and Cash Equivalents:

At June 30, 2017, the carrying amount of the Clerk of Court's Cash and Cash Equivalents totaled \$1,246,391, and the confirmed bank balances totaled \$1,440,043. Cash and Cash Equivalents are stated at cost, which approximates market.

	Governmental Activities	Fiduciary Activities	Total	Bank Balance
Demand deposits	\$ 197,098	\$ 220,063	\$ 417,161	\$ 610,813
Interest-bearing demand deposits	280,121	125,023	405,144	405,144
Money market savings	173,170	250,916	424,086	424,086
	<u>\$ 650,389</u>	<u>\$ 596,002</u>	<u>\$ 1,246,391</u>	<u>\$ 1,440,043</u>

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the Clerk regardless of its designation by the financial institution in which it is deposited. As of June 30, 2017, none of the Clerk's bank balance of \$1,440,043 was exposed to custodial credit risk.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Investments - Louisiana Asset Management Pool, Inc. (LAMP):

LAMP is a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investments pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: Money market-like investment pools are excluded from this disclosure requirement, per paragraph 15 of GASB Statement No. 40.
- Foreign currency risk: Not applicable to money market-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 297 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are state at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. The LAMP administrative office can be reached at 800-249-5267 for any questions.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Note 3 – Receivables

The net receivables, with the exception of inter-fund transactions, at June 30, 2017, are as follows:

Charges of Services	\$	14,984
Due from Fiduciary Funds		<u>41,361</u>
	\$	<u>56,345</u>

No allowances have been recorded as all receivables due at year-end are expected to be collected. The Clerk utilizes the direct write-off method for any receivables considered as bad debts.

Note 4 – Changes in General Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 2017 is as follows:

	Beginning of Year	Additions	Reductions	End of Year
Office furniture and equipment	\$ 510,860	\$ -	\$ -	\$ 510,860
Less accumulated depreciation	<u>(506,749)</u>	<u>(2,232)</u>	-	<u>(508,981)</u>
	<u>\$ 4,111</u>	<u>\$ (2,232)</u>	<u>\$ -</u>	<u>\$ 1,879</u>

Note 5 – Long-Term Debt

The following is a summary of the Clerk's long-term debt transactions for the year ended June 30, 2017.

Type of Debt	Balance at June 30, 2016	Additions	Reductions	Balance at June 30, 2017
<i>Governmental Activities:</i>				
Other Post Employment Benefits	\$ 481,872	\$ 56,392	\$ -	\$ 538,264
Net Pension Liability	<u>771,967</u>	<u>263,967</u>	-	<u>1,035,934</u>
Total governmental long-term debt	<u>\$ 1,253,839</u>	<u>\$ 320,359</u>	<u>\$ -</u>	<u>\$ 1,574,198</u>

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Note 6 – Pension Plans

The Clerk follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68* for its pension plan. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the Court to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

Plan Description:

Substantially all employees of the West Baton Rouge Parish Clerk of Court are members of the Louisiana Clerk of Court Retirement and Relief Fund (“the Fund”), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees in accordance with Louisiana Revised Statute 11:1501 to provide regular, disability, and survivor benefits for clerks of court, their deputies and other employees, and the beneficiaries of such clerks of court, their deputies, and other employees.

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 hours and 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.

Benefits Provided:

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 percent 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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

with a limit of 10% increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

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

Disability Benefits

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

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

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

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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

- 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 a 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 $\frac{1}{4}$ 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 $\frac{1}{2}$ of the member's accrued retirement benefit in equal shares. Upon the death of any former member with 12 or more years of service, automatic Option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

Deferred Retirement Option Plan

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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

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. 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 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 to his account balances 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.

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.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The Clerk of Court's required contribution rate for the year ending June 30, 2017 was 19.00%. Employees were required to contribute 8.25% of their annual covered salary. In addition, the Louisiana Legislature passed R.S. 11:1562(C) which allows the Clerk of Court to pay out of the Clerk's operating funds all or any portion of the employee required contributions which would otherwise be deducted from the employee's salary. Since December 1999 the Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerk of court Retirement and Relief Fund. The West Baton Rouge Parish Clerk of Court contributions to the Fund for the year ended June 30, 2017 were \$139,751 (normal employer portion \$99,475 and employee portion paid by Clerk \$40,276).

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributions recognized as revenue in the government-wide governmental activities statement of activities was \$58,739 for the year ended June 30, 2016.

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

At June 30, 2017, the West Baton Rouge Parish Clerk of Court reported a liability of \$1,035,934 for its proportionate share of the net pension liability of the Fund. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Clerk's proportion was .0559972% which was an increase of .04534% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$235,754.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

At June 30, 2017, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,572	\$ 35,261
Changes in assumptions	63,801	-
Net difference between projected and actual earnings on pension plan investments	178,733	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	134,893	-
Employer contributions subsequent to the measurement date	99,475	-
Total	<u>\$ 487,474</u>	<u>\$ 35,261</u>

\$99,475 reported as deferred outflows of resources related to pensions resulting from the Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ 93,743
2018	115,302
2019	129,362
2020	108,120
	<u>\$ 446,527</u>

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

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:

Inflation	2.50%
Salary increases	5.00% including inflation
Investment rate of return	7.00% (net of investment expense)

Mortality rates were based on RP-2000 Employee Table (set back 4 years for males and 3 years for females), RP-2000 Healthy Annuitant Table (set forward 1 year for males), and RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females).

For 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 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 7.20% as of June 30, 2016.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income:		
Core Fixed Income	5.0%	1.00%
Core Plus Fixed Income	15.0%	1.50%
Domestic Equity:		
Large Cap Domestic Equity	21.0%	4.25%
Small Cap International Equity	7.0%	4.00%
International Equity:		
Large Cap International Equity	15.5%	5.25%
Small Cap International Equity	5.0%	5.00%
Emerging Markets	6.5%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.0%	6.50%
Hedge Funds	10.0%	3.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate 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.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2016:

	Changes in Discount Rate		
	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Net pension liability	\$ 1,474,114	\$ 1,035,934	\$ 664,006

Pension Plan Fiduciary Net Position

The Fund issued a stand-alone audit report on its financial statements for the year ended June 30, 2016. Access to the audit report can be found on the Fund's website: www.laclerksofcourt.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Note 7 – Other Post Employment Benefits

Plan Description

The Clerk's defined benefit postemployment health care plan ("the Retiree Health Plan") provides medical, dental, vision and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan is affiliated with the Louisiana Clerks of Court Insurance Trust ("LCCIT"), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association.

Funding Policy

The contribution requirements of plan members and the Clerk are established and may be amended by the LCCIT board of trustees. The Clerk pays for the entire premium charged by the LCCA for retirees. Retirees are required to pay 100% of the premium for their dependents. Vision is voluntary and paid 100% by the retiree. Surviving spouses are required to pay 100% of the premiums. For fiscal year 2017, the Clerk contributed \$65,758 to the plan and the retirees/surviving spouses contributed \$5,244.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Annual OPEB Cost and Net OPEB Obligation

For 2017, the Clerk’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution of the employer (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Clerks annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk’s net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 111,189
Interest on Net OPEB Obligation	15,423
Adjustment to Annual Required Contribution	(23,148)
Annual OPEB Cost (Expense)	<u>103,464</u>
Contributions Made	<u>(47,072)</u>
Increase in Net OPEB Obligation	56,392
Net OPEB Obligation - beginning of year	481,872
Net OPEB Obligation - end of year	<u><u>\$ 538,264</u></u>

The Clerk’s annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$ 119,231	29.40%	\$ 400,903
6/30/2016	\$ 104,160	31.40%	\$ 481,872
6/30/2017	\$ 103,463	45.50%	\$ 538,264

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Funded Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$1,473,222, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$523,554 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 281.39%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the unit credit cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 3.5% was used. In addition, the actuarial assumptions included an annual medical healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after 13 years. Medicare Supplement trend starts at 4.0% and decreases to 3.0% after 8 years. Dental trend decreases from 4.0% to 3.0% over 5 years and vision trend is 3.0% in all years. The Clerk's unfunded actuarial liability is being amortized on a level dollar, open basis over 30 years.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Note 8 – Intergovernmental Transactions

Intergovernmental revenues of the general fund for the year ended June 30, 2017, was as follows:

State supplement	\$ 22,661
La. Dept. of Elections	<u>6,527</u>
	<u>\$ 29,188</u>

Note 9 – On-Behalf Payments

Certain operating expenditures of the Clerk's office are paid by the West Baton Rouge Council. Additionally, the Council provides office space and certain furniture for the Clerk's use. These expenditures are not reported in the accompanying financial statements.

Note 10 – Leases

Operating Leases. There is a lease for mailing equipment and copiers. Rental and maintenance paid during the year on this equipment totaled \$8,541.

Capital Leases. The Clerk has no capital leases.

The minimum future lease payments under operating leases are as follows:

<u>2018</u>	<u>\$ 8,541</u>
2019	<u>1,114</u>
	<u>\$ 9,654</u>

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2017

Note 11 – Prior Period Adjustments

Prior period adjustments were made to the unrestricted net position balance to correct error in compensated absences balance and recognition of income for amounts due from the Advance Fund as of June 30, 2016.

General Fund	Fund	Government- Wide
Fund balance/net position at June 30, 2016, as originally stated	\$ 877,755	\$ (146,463)
Correction of compensated absences error		(16,990)
Correction of amounts due from the Advance Deposit Fund	57,293	57,293
Fund balance/net position at June 30, 2017, as restated	<u>\$ 935,048</u>	<u>\$ (106,160)</u>

Advance Deposit Fund	Government- Wide
Unsettled Deposits at June 30, 2016, as originally stated	\$ 955,720
Correction of amounts due from the General Fund	(57,293)
Fund balance/net position at June 30, 2017, as restated	<u>\$ 898,427</u>

WEST BATON ROUGE PARISH CLERK OF COURT

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
General Fund*

Year Ended June 30, 2017

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$ 24,000	\$ 24,000	\$ 29,188	\$ 5,188
Charges for services:				
Court cost and fees	638,200	638,200	670,596	32,396
Certified copies and data processing	85,000	85,000	93,935	8,935
Licenses	4,000	4,000	4,235	235
Recording fees	265,000	265,000	309,337	44,337
Investment income	7,500	7,500	7,132	(368)
Total revenues	<u>1,023,700</u>	<u>1,023,700</u>	<u>1,114,423</u>	<u>90,723</u>
EXPENDITURES				
Current				
General government				
Personal services and related benefits	877,500	877,500	876,995	505
Operating services	169,950	169,950	166,370	3,580
Capital outlay	2,500	2,500	4,784	(2,284)
Total expenditures	<u>1,049,950</u>	<u>1,049,950</u>	<u>1,048,149</u>	<u>1,801</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (26,250)</u>	<u>\$ (26,250)</u>	<u>66,274</u>	<u>\$ 88,922</u>
Fund Balance				
Beginning			<u>935,048</u>	
Ending			<u>\$ 1,001,322</u>	

WEST BATON ROUGE PARISH CLERK OF COURT*Schedule of Funding Progress for Other Postemployment Benefits**Year Ended June 30, 2017*

Year End*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
6/30/2015	\$ -	\$1,474,777	\$1,474,777	0.00%	\$ 476,060	309.79%
6/30/2016	\$ -	\$1,474,777	\$1,474,777	0.00%	\$ 509,842	289.26%
6/30/2017	\$ -	\$1,473,222	\$1,473,222	0.00%	\$ 523,554	281.39%

*The date of the last actuarial valuation was July 1, 2014.

WEST BATON ROUGE PARISH CLERK OF COURT*Schedule of Employer's Proportionate Share of the Net Pension Liability**Year Ended June 30, 2017*

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2017	0.5600%	\$ 1,035,934	\$ 509,841	203.19%	74.17%
2016	0.5146%	\$ 771,967	\$ 503,718	153.25%	78.13%
2015	0.5339%	\$ 720,090	\$ 476,060	151.26%	79.37%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

*The amounts presented have a measurement date of the previous fiscal year end.

WEST BATON ROUGE PARISH CLERK OF COURT**Schedule of Employer's Pension Contributions****Year Ended June 30, 2017**

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered' Employee Payroll
2017	\$ 99,475	\$ 99,475	\$ -	\$ 523,554	19.00%
2016	\$ 96,870	\$ 96,870	\$ -	\$ 509,841	19.00%
2015	\$ 95,706	\$ 95,706	\$ -	\$ 503,718	19.00%

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

WEST BATON ROUGE PARISH CLERK OF COURT*Schedule of Compensation, Benefits and Other**Year Ended June 30, 2017**Payments to Agency Head***Agency Head Name: Mark Graffeo****Purpose**

Salary	\$ 146,249
Benefits - retirement	39,853
Benefits - insurance	10,107
Deferred compensation	7,313
Car Allowance	9,600
Election expense	2,100
Registration fees	700
Lodging	146
Meals	27
	<hr/>
	\$ 216,095

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

Chairman and Members of the Board
West Baton Rouge Parish Clerk of Court
Port Allen, Louisiana

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

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings and responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses (2017-001, 2017-002, 2017-003, and 2017-004).

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Clerk of Court's financial statements are free of 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 statements 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*.

West Baton Rouge Parish Clerk of Court's Response to Findings

The West Baton Rouge Parish Clerk of Court's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The West Baton Rouge Parish Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC



December 29, 2017
Baton Rouge, Louisiana

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses

June 30, 2017

Section I – Internal Control Findings

Finding 2017-001

Material Weakness in Internal Control Over Financial Reporting-Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: The entity does not employ enough personnel to achieve an optimum level of segregation of duties.

Context: We observed inadequate segregation of duties by observing that the Clerk handles incoming checks, prepares the deposit slip, post receipts to customer accounts, receives, reconciles the monthly bank statements, prepares journal entries and the financial statements.

Potential Effect: Errors could occur which could affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause: The size of the entity and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

This is a repeat finding.

Recommendation: The resolution of this finding is not under the control of the Clerk of Court as it may not be cost effective, however management should monitor the assignment of duties to insure as much segregation of duties as possible.

View of Responsible Official: It is not cost effective to totally correct this weakness but we do segregate duties as much as possible, and that the Clerk of Court is sufficiently involved with all aspects of the accounting function that errors or fraud perpetrated by other employees would be detected by the Clerk of Court in a timely manner.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses, Continued

June 30, 2017

Finding 2017-002

Material Weakness in Internal Control Over Financial Reporting-Preparation of Financial Statements

Criteria: The reporting entity should be able to prepare financial statements in accordance with GAAP without outside assistance.

Condition: The entity does not employ anyone with sufficient training and knowledge who have the ability to prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP).

Context: Management is unable to prepare financial statements without outside assistance.

Potential Effect: Audit adjustments were recorded due to the lack of experience and training by the staff. The audit firm was also required to assist management in the preparation of financial statements in accordance with GAAP.

Cause: The Clerk of Court does not have employees with sufficient expertise and training to prepare financial statements in accordance with GAAP.

Recommendation: The resolution of this finding is not under the control of the Clerk of Court as it may not be cost effective, however the Board and management should periodically evaluate the cost/benefit of hiring personnel with sufficient knowledge and training.

View of Responsible Official: The Clerk of Court's management is aware of this condition and believes hiring an employee with the requisite qualifications would be cost prohibitive. They believe the most cost effective solution is to have their external auditor assist in preparing year-end financial statements in accordance with GAAP.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses, Continued***June 30, 2017*****Finding 2017-003****Material Weakness in Internal Control Over Financial Reporting-Lack of Reconciliation Process for Compensated Absences.**

Criteria: The reporting entity is required to accrue vacation, sick, and compensated absences balances for each eligible employee.

Condition: The Clerk of Court's employees earn leave at various levels based on years of service or each calendar year. It is the Clerk of Court's policy that vacation not taken within the year will be forfeited unless unforeseen circumstances prevent the employee for taking their allotted days off.

Context: During the current audit, we discovered that although the Clerk of Court does not allow for significant rollover of leave that the leave is accrued as of the calendar year, thus as of the June 30, 2017 fiscal year end there was leave that had an employee terminated service it would have be paid to said employee.

Effect: Accrued leave was understated.

Cause: Failure to adequately evaluate the timing of when leave was earned and take.

Recommendation: The Clerk of Court should compute the value of unused leave as of the fiscal year-end of June 30, and record the related liability.

View of Responsible Official: We agree and will compute and record compensated absences as of each year-end.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses, Continued

June 30, 2017

Finding 2017-004

Material Weakness in Internal Control Over Financial Reporting-Failure to Record Amounts Due From Agency Funds.

Criteria: The Clerk of Court performs duties throughout the year for which it is compensated from the Advance Deposit Fund.

Condition: The Clerk of Court's financial statements failed to reflect revenue earned for services performed in the Advance Deposit Fund.

Context: During the current audit, we discovered that the Clerk of Court's suit tracking program tracks services performed by the Clerk of Court throughout the month as each process is performed. At month end the Clerk of Court generates the report and issues a check for the month's activity. Historically this revenue was recorded as of the date of the check rather than the date the services were performed.

Effect: Revenue which was due the General Fund was not reflected in the financial statements.

Cause: The Clerk of Court did not make necessary adjustments the properly record the amounts due from the Advance Fund.

Recommendation: The Clerk of Court at each month end should generate the report of services and post the amount as due from the Advance fund so as to properly report revenue for each period.

View of Responsible Official: We agree and will compute and record amounts due from the Advance fund monthly.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Prior Findings

June 30, 2017

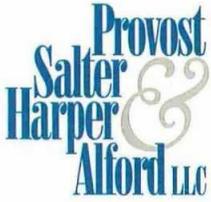
There were no finding reported in the previous year

**INDEPENDENT
ACCOUNTANT'S REPORT
ON THE APPLICATION
OF AGREED-UPON PROCEDURES**

**West Baton Rouge Parish
Clerk of Court**

June 30, 2017





Certified
Public
Accountants

Business
Advisors

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Mark Graffeo:
West Baton Rouge Parish Clerk of Court:

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the West Baton Rouge Parish Clerk of Court, a component unit of the City of Port Allen, is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the West Baton Rouge Parish Clerk of Court and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the West Baton Rouge Parish Clerk of Court's compliance with certain laws and regulations during the year ended June 30, 2017.

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* issued by the Comptroller General of the United States. 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:

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions

June 30, 2017

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, ethics).

Findings:

The entity does not have written policies for Contracting and Debt Service. Although the entity has written procedures for Travel and Expense Reimbursement and Ethics, we did note that the policies lack the dollar thresholds by category of expenses for Travel and Expense Reimbursement, and that the policies do not contain the actions to be taken if an ethics violation takes place, the system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were reviewed and determined to be adequate for all other financial/business functions.

2. Review board/committee minutes for the fiscal period and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings:

The entity does not have a board (or finance committee), as the Clerk of Court is an elected official responsible for all oversight of the entity. Therefore, these procedures were not applicable to the entity.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Bank Reconciliations

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

We obtained a listing of 9 bank accounts from Clerk of Court Mark Graffeo.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Findings:

No exceptions noted.

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

Findings:

Clerk of Court Mark Graffeo prepares and reviews the bank reconciliations.

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

Findings:

There are 122 checks totaling \$26,312.07 that have been outstanding for more than 6 months as of the end of the fiscal period, for which there was no evidence of research.

Collections

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

Cash is only collected at the Clerk of Court office.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

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

Findings:

Employees responsible for collecting cash are not bonded. The Clerk of Court's written policies do not restrict persons responsible for collecting cash from depositing cash in the bank. The written policies do not restrict employees from sharing the same cash register or drawer.

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

Findings:

No exceptions noted.

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

Findings:

12 of 20 deposits totaling \$25,305.13 were not made within one day of collection.

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

Findings:

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Findings:

No exceptions noted.

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

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

Findings:

We obtained a listing of entity disbursements from management.

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

From the population of 2,126 disbursements, a random sample of 25 cash disbursements was selected for testing.

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

Findings:

We examined supporting documentation for the 25 disbursements selected and found that only 2 of the disbursements were applicable and were initiated using a purchase order system. No exceptions noted.

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

Findings:

We examined supporting documentation for the 25 disbursements selected and found that only 2 of the disbursements were applicable and had appropriate level of approval of purchase orders. No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

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

Findings:

We examined supporting documentation for the 25 disbursements selected and found that only 2 of the disbursements were applicable and the payments were processed with proper approval, receiving report (if applicable), and approved invoice. No exceptions noted.

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

Findings:

The entity does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the entity's purchasing/disbursement system.

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

Findings:

The entity does not have written documentation that requires that the person with signatory authority or the person that makes the final authorization for disbursements has no responsibility for initiating or recording purchases.

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

Findings:

Unused checks are kept in Mark Graffeo's desk in his office. The office is not locked outside of business hours.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

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

Findings:

Not applicable.

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

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

We obtained a listing of active credit cards.

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

The Clerk of Court has one active credit card.

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

We selected the statement for the month of October 2016 totaling \$4,776.

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

Findings

There is no evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

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

Findings:

No exceptions noted.

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

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Findings:

The only transaction that did not have supporting documentation was for the purchase of office supplies.

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

Findings:

No exceptions noted.

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

Findings:

All transactions were in compliance with Article 7, Section 14 of the Louisiana Constitution.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Travel and Expense Reimbursement

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

We obtained a listing of all travel and related expense reimbursements during the fiscal period totaling \$873.

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

Findings:

We obtained the written policies related to travel and expense reimbursements, noting the policy limits reimbursement for meals at the same rate as the Louisiana State Employees Travel Regulations. The GSA standard rate for meals in Louisiana is \$51, the same as the Louisiana State Employees Travel Regulations, with exceptions for certain high expense areas. The Clerk of Court's travel policies do not include a reimbursement limit for lodging.

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

Only one person, Clerk of Court Mark Graffeo, incurred travel expenses during the fiscal period. We selected 1 expenditure totaling \$450.

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

Findings:

No exceptions noted.

- b) Report whether each expense is supported by:

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

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

Findings:

Expense and documentation was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

We obtained a list of all contracts in effect during the fiscal period, totaling \$48,075.76 from Clerk of Court Mark Graffeo. We selected all five for testing.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

Findings:

Cott Systems – This is a service contract that was not required to be bid.

Cox Business – This is a service contract that was not required to be bid.

General Informatics – This is a service contract that was not required to be bid.

Pitney Bowes – The postage meter lease was not put out for bid.

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

Findings:

Cott Systems – The amended contract added \$265 per month as the result of the Clerk of Court requesting more services. The original contract provided for amendment.

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Payroll and Personnel

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

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

Findings:

No exceptions noted.

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

Findings:

Four of the five employees selected for testing received raises during the fiscal period. The Clerk of Court does not have written policies regarding raises.

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

We selected the pay period ending on June 30, 2017. We selected 1/3 of the 14 employees/officials (5), for testing.

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Findings:

No exceptions noted.

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

Findings:

The entity did not have any employees terminate during the year, therefore this procedure is not applicable.

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

Findings:

No exceptions noted

Ethics (excluding nonprofits)

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

Debt Service (excluding nonprofits)

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

Findings:

No debt was issued during the fiscal period. Therefore, this procedure was not applicable.

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

Findings:

The entity did not have any outstanding obligations during the fiscal year. Therefore, this procedure was not applicable.

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

Findings:

The entity did not have tax millages related to debt service. Therefore this procedure was not applicable.

Other

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2017

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

Findings:

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of West Baton Rouge Parish Clerk of Court and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Provost, Salter, Harper, & Alford, LLC



December 29, 2017



MARK J. GRAFFEO
Clerk of Court

EIGHTEENTH JUDICIAL DISTRICT COURT
PARISH OF WEST BATON ROUGE

P.O. BOX 107
PORT ALLEN, LA 70767
(225) 383-0378
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December 28, 2017

Provost, Salter, Harper & Alford LLC
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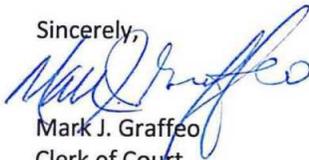
Sirs:

The response to your independent report on the application of agreed-upon procedures of the West Baton Rouge Parish Clerk of Court office for the fiscal year ending June 30, 2017 is as follows.

- Item 1. The policies will be revised to address dollar thresholds for travel and expense reimbursements and for responses in the event an ethics violation takes place. The ethics policy will be also be revised to require all employees to attest through signature that they have read our ethics policy.
- Item 4b. Due to staff size limitations, the Clerk of Court will continue to prepare bank reconciliations. A Chief Deputy has been hired as part of the administration team and will report to work in the second half of the fiscal year ending June 30, 2018. The Chief Deputy will be given the responsibility to review all bank reconciliations.
- Item 4c. Outstanding checks have been reported to the Louisiana Department of Treasury through its unclaimed property division or reissued to the original payee. Where applicable, payment has been made to the Department of Treasury under the provisions of Louisiana revised statutes.
- Item 6a. The Clerk of Court agrees with the findings, but staff size limitations do not permit the segregation of duties in this area.
- Item 6c. A change in policy will be made to have funds deposited within two business days of collection.
- Item 10. The Clerk of Court agrees with the findings, but staff size limitations do not permit the segregation of duties in this area.
- Item 11. The Clerk of Court agrees with the findings, but staff size limitations do not permit the segregation of duties in this area.
- Item 12. The desk holding unused checks will be locked outside of business hours.
- Item 15a. The Clerk of Court is the only authorized card holder. A Chief Deputy has been hired as part of the administration team and will report to work in the second half of the fiscal year ending June 30, 2018. The Chief Deputy will be given the responsibility to review the statement and supporting documentation.
- Item 16a. It is the policy of the Clerk of Court to attach supporting documentation for all purchases to the monthly statement.

- Item 18. It is the Clerk of Court's practice to limit overnight stays to the venue hosting an event such as continuing education sessions and Louisiana Clerks of Court Association board meetings.
- Item 19d. The Clerk of Court reviews and approves reimbursements for travel related expenses. A Chief Deputy has been hired as part of the administration team and will report to work in the second half of the fiscal year ending June 30, 2018. The Chief Deputy will be given the responsibility to review the statement and supporting documentation for the Clerk of Court's travel expenses.
- Item 21. The Pitney Bowes postage meter lease was acquired through state contract.
- Item 22. Salary increases are given at the Clerk of Court's discretion based upon job performance.

Sincerely,



Mark J. Graffeo
Clerk of Court