

**CALDWELL PARISH CLERK OF COURT
COLUMBIA, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2017**

Caldwell Parish Clerk of Court
Columbia, Louisiana

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report	-	1-3
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	6
Statement of Activities	B	7
Fund Financial Statements		
Balance Sheet-Governmental Fund	C	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	D	10
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund	E	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	F	12
Statement of Fiduciary Net Position	G	13
Notes to Financial Statements	-	15-34
Other Required Supplementary Information		
Budgetary Comparison Schedule-General Fund	H	36
Schedule of Employer's Share of Net Pension Liability	I	37
Schedule of Employer Contributions	J	38
Schedule of Compensation Benefits and Other Payments to Agency Heads or Chief Executive Officer	K	39
Statement of Changes in Fiduciary Net Position	L	40

Caldwell Parish Clerk of Court
Columbia, Louisiana

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Supplementary Information		
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 <i>Government Auditing Standards</i>	M	42-43
Schedule of Audit Findings	N	44-45
Independent Accountant's Report on Applying Statewide Agreed-Upon Procedures	O	46-55

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT

Honorable Cherie Cox
Caldwell Parish Clerk of Court
P. O. Box 1327
Columbia, LA 71418

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds of the Caldwell Parish Clerk of Court, a component unit of the Caldwell Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary funds information of the Clerk as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

The Clerk has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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.

The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information and the Statement of Changes in Fiduciary Net Position listed as supplementary information in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements.

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the Clerk'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 Clerk's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated November 13, 2017 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 13, 2017
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Statement of Net Position
June 30, 2017

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 206,506
Receivables	<u>72,146</u>
Total Current Assets	\$ 278,652
Noncurrent Assets-	
Capital Assets, Net	<u>9,985</u>
Total Assets	<u>\$ 288,637</u>
DEFERRED OUTFLOWS OF RESOURCES:	<u>\$ 155,011</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 9,614
Due to Advance Deposit Fund	48,309
Payroll & Related Liabilities	<u>8,893</u>
Total Current Liabilities	\$ 66,816
Long-term Liabilities-	
Other Post-Employment Benefits	766,607
Net Pension Liability	<u>433,027</u>
Total Long-Term Liabilities	<u>\$1,199,634</u>
Total Liabilities	<u>\$1,266,450</u>
DEFERRED INFLOWS OF RESOURCES:	<u>\$ 14,739</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 9,985
Unrestricted Net Position	<u>(847,526)</u>
Total Net Position	<u>\$ (837,541)</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Activities
June 30, 2017

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial	<u>\$619,923</u>	<u>\$429,967</u>	<u>\$22,750</u>	<u>\$70,812</u>	<u>\$ (96,394)</u>
		General Revenues:			
				Interest	\$ 3,123
				Non-Employer Pension Revenue	24,554
				Miscellaneous	<u>36</u>
				Total General Revenues	<u>\$ 27,713</u>
				Change in Net Position	\$ (68,681)
				Net Position June 30, 2016	<u>(768,860)</u>
				Net Position June 30, 2017	<u>\$(837,541)</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Balance Sheet-Governmental Fund
June 30, 2017

ASSETS:

Cash & Cash Equivalents	\$206,506
Receivables	<u>72,146</u>
Total Assets	<u>\$278,652</u>

LIABILITIES:

Accounts Payable	\$ 9,614
Due to Advance Deposit Fund	48,309
Payroll & Related Liabilities	<u>8,893</u>
Total Liabilities	\$ 66,816

FUND BALANCE:

Unassigned	<u>211,836</u>
Total Liabilities & Fund Balance	<u>\$278,652</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2017

Total Fund Balance for the Governmental Fund at June 30, 2017		\$ 211,836
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:		
Furniture, Fixtures & Equipment	\$ 203,628	
Less, Accumulated Depreciation	<u>(193,643)</u>	9,985
Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet		
		155,011
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet.		
Other Post-Employment Benefits		(766,607)
Net Pension Liability		(433,027)
Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet		
		<u>(14,739)</u>
Total Net Position of Governmental Activities at June 30, 2017		<u><u>\$(837,541)</u></u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
June 30, 2017

REVENUES:

Licenses & Permits-	
Marriage Licenses	\$ 1,725
Charges for Services-	
Court Costs, Fees & Charges	278,955
Recording Fees	122,676
Photocopying Fees	26,611
Intergovernmental-	
Supplemental Compensation Fund	22,750
Grant Revenue	70,812
Miscellaneous-	
Other	36
Interest	<u>3,123</u>
Total Revenues	<u>\$526,688</u>

EXPENDITURES:

Current-	
Judicial-	
Personnel Services	\$343,364
Operating Services	71,338
Operating Supplies	108,164
Other Charges	5,372
Capital Expenditures	<u>5,242</u>
Total Expenditures	<u>\$533,480</u>
(Deficiency) of Revenues over Expenditures	\$ (6,792)
Fund Balance-Beginning of Year	<u>218,628</u>
Fund Balance-End of Year	<u>\$211,836</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2017

Net Change in Fund Balance - Governmental Fund \$ (6,792)

The Change in Net Position reported for Governmental Activities
In the Statement of Activities is different because:

Revenues in the Statement of Activities that do not provide current
financial resources are not reported as revenues in the Statement
of Revenues, Expenditures and Changes in Fund Balance 24,554

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. These amounts are:

Capital Assets	5,243
Depreciation Expense	(4,255)

Some expenses reported in the Statement of Activities do not
require the use of current financial resources and are not
reported as expenditures in the Statement of Revenues,
Expenditures, and Changes in Fund Balance-

Change in Other Post-Employment Benefits	(63,012)
Change in Pension Expense	<u>(24,419)</u>

Change in Net Position of Governmental Activities \$(68,681)

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$412,791	\$227,690	\$640,481
Due From Salary Fund	<u>48,309</u>	<u>0</u>	<u>48,309</u>
Total Assets	<u>\$461,100</u>	<u>\$227,690</u>	<u>\$688,790</u>
LIABILITIES:			
Due to Others	<u>\$461,100</u>	<u>\$227,690</u>	<u>\$688,790</u>
Total Liabilities	<u>\$461,100</u>	<u>\$227,690</u>	<u>\$688,790</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

Introduction:

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

1. Summary of Significant Accounting Policies:

A. BASIS OF PRESENTATION-

The accompanying financial statements of the Caldwell Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY-

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

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Caldwell Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Caldwell Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Caldwell Parish Police Jury.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Caldwell Parish Police Jury provides office facilities for the Clerk of Court, the Clerk of Court was determined to be fiscally dependent on the Police Jury and accordingly is considered to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying basic financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the Caldwell Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING-

The Caldwell Parish Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk of Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental and fiduciary. An emphasis is placed on major funds, and the General Fund is considered to be a major fund.

Governmental Fund

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

Fiduciary Funds

Agency Funds - The agency funds, the Advance Deposit Fund and Registry of Court Fund, account for assets held by the clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Government-Wide Financial Statements

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 Caldwell Parish Clerk of Court, except for the fiduciary funds which are reported separately.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The government-wide financial statements 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.

Fund Financial Statements

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Revenues-

Fees for certified copies, recording legal documents, marriage licenses, and commissions for services are recorded in the year they are earned. Interest income on time deposits is recorded when the time deposits have matured and the income is available. 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.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

E. BUDGETARY ACCOUNTING-

Formal budgetary accounting is employed as a management control. The Caldwell Parish Clerk of Court prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Clerk of Court amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. The budget was amended during this year. All budget appropriations lapse at year end.

F. CASH AND CASH EQUIVALENTS-

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the Clerk may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. The Clerk's policy is to include time deposits and certificates of deposit in cash equivalents.

G. INVESTMENTS-

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

H. RECEIVABLES-

All receivables are reported at their gross value. The Clerk expects to collect all balances due, and no allowance for bad debts is recorded.

I. CAPITAL ASSETS-

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Caldwell Parish Clerk of Court is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 5 to 15 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to expenditures as incurred. Major expenditures for renewals and betterments are capitalized. The Clerk maintains a threshold level of \$500 or more for capitalizing assets.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

J. COMPENSATED ABSENCES-

Full-time employees of the Caldwell Parish Clerk of Court earn vacation and sick leave each year as follows:

<u>Period of Continuous Service</u>	<u>Vacation Days</u>	<u>Sick Days</u>
Up to 6 Months	5	
6 Months to 10 Years	10	
Greater than 10 Years	15	
Per Fiscal Year		10

Vacation and sick leave days are not cumulative and must be used during the period earned. Although the fiscal year ends on June 30th, these amounts are not accrued as they are deemed immaterial. Accordingly, the Caldwell Parish Clerk of Court has no accumulated and vested benefits related to vacation leave or sick leave. The cost of leave privileges is recognized as a current expenditure in the General Fund when leave is actually taken.

K. PENSIONS-

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

M. ESTIMATES-

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

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

N. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The General Fund, the Clerk of Court's only governmental fund, has an unassigned fund balance of \$211,836. If applicable, the Clerk of Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

2. Cash and Cash Equivalents and Related Credit Risk:

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

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Clerk of Court will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Clerk of Court's name.

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. The Clerk of Court may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

At June 30, 2017, the Clerk of Court had cash and cash equivalents (book balances) totaling \$846,987 as follows:

Demand Deposits	\$ 23,332
Interest-bearing Demand Deposits	462,402
Time Deposits	<u>361,253</u>
Total	<u>\$846,987</u>

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

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

At June 30, 2017, the Clerk of Court has \$950,746 in collected bank balances. These deposits are secured from credit risk as follows:

Collected Bank Balances	\$ 950,746
FDIC Insurance	(500,000)
Category 3 Pledged Securities	<u>(450,746)</u>
Balance Subject to Credit Risk	\$ <u>0</u>

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

3. Receivables:

The following is a summary of receivables at June 30, 2017:

<u>Class of Receivable</u>	<u>Total</u>
Charges for Services	\$ 9,600
Grant Receivable	<u>62,546</u>
Total	<u>\$72,146</u>

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2017, is as follows:

	<u>Balance</u> <u>07-01-16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-17</u>
Governmental Activities-				
Furniture, fixtures, and equipment	\$ 198,385	\$ 5,243	\$0	\$ 203,628
Less, accumulated depreciation	<u>(189,389)</u>	<u>(4,254)</u>	<u>0</u>	<u>(193,643)</u>
Total Capital Assets, net	\$ <u>8,996</u>	\$ <u>989</u>	\$ <u>0</u>	\$ <u>9,985</u>

Depreciation expense of \$4,254 was charged to the judicial function.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

5. Accounts Payable and Accruals:

The following is a summary of accounts payable at June 30, 2017:

<u>Class of Payable</u>	<u>Total</u>
Payroll Related Accruals	\$ 8,893
Vendor	<u>57,923</u>
Total	<u>\$66,816</u>

6. Pension Plan:

Plan Description

The Clerk of Court contributes to The Louisiana Clerks' of Court Retirement and Relief Fund (Fund) is a cost-sharing multiple-employer defined benefit pension plan established 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. Substantially all employees of the Caldwell Parish Clerk of Court are members of the Fund. The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund, which can be obtained at www.la.la.org.

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

Retirement Benefits

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

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

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, 2 1/2% 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 3% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

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

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

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

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

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

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

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

Survivor Benefits

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

Deferred Retirement Option Plan

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

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

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

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

Cost-of-Living Adjustments

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

In order to grant any cost-of-living increase, the Fund must meet criteria as detailed in the Louisiana statutes related to funding status.

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

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2017, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense. Non-employer contribution revenue for the year ended June 30, 2017, was \$24,554.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The Clerk of Court's contractually required composite contribution rate for the year ended June 30, 2017 was 19% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Clerk of Court were \$40,808 for the year ended June 30, 2017. The Clerk of Court has elected under state statute to pay both the employer and the employee contributions to the retirement system.

Due to this election, the Clerk of Court contributed an additional \$17,719 on behalf of the employees for the year.

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

At June 30, 2017, the Clerk of Court reported a liability of \$433,027 for its proportionate share of the Net Pension Liability. 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 of Court's proportion of the Net Pension Liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Clerk of Court's proportion was .225893%, which was an increase of .000184% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk of Court recognized pension expense of \$62,644 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$2,583.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,419	\$14,739
Changes in assumption	26,669	0
Net difference between projected and actual earnings on pension plan investments	74,711	0
Changes in employer's proportion of beginning net pension liability	8,492	0
Differences between employer contributions and proportionate share of employer contributions	(88)	0
Subsequent Measurement Contributions	40,808	0
Total	\$155,011	\$14,739

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

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

Year ended June 30:	
2017	\$ 28,054
2018	28,054
2019	28,054
2020	28,055
2021	28,055
Total	\$140,272

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

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

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The actuarial assumptions used are based on the assumptions used in the 2016 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 - June 30, 2014, unless otherwise specified.

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

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.20%, for the year ended June 30, 2016.

The best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2016, is summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.00%
Core plus fixed income	15.00%	1.50%
Domestic Equity:		
Large cap domestic equity	21.00%	4.25%
Non-large cap domestic equity	7.00%	4.00%
International Equity:		
Large cap international equity	15.50%	5.25%
Small cap international equity	5.00%	5.00%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.00%	6.50%
Hedge Funds	<u>10.00%</u>	3.50%
	<u>100.00%</u>	

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Clerk of Court's proportionate share of the Net Pension Liability using the discount rate of 7%, as well as what the Clerk of Court's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6%) or one percentage-point higher (8%) than the current rate:

	1.0% Decrease (6%)	Current Discount Rate (7%)	1.0% Increase (8%)
Employer's proportionate share of net pension liability	\$616,190	\$433,027	\$277,559

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana Clerks' of Courts Retirement and Relief Fund Annual Financial Report at www.la.la.gov.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$4,500, which is the legally required contribution due at June 30, 2017. This amount is recorded in accrued expenses.

7. Other Post-Employment Benefits:

Plan Description. The Caldwell Parish Clerk of Court's defined benefit post-employment health care plan ("the Retiree Healthcare Plan") provides medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Plan is affiliated with the Louisiana Clerks of Court Insurance Trust (LCCIT), an agent multiple-employer post-employment health care plan administered by the Louisiana Clerks of Court Association. Employees hired on or before December 31, 2010 are entitled to benefits upon reaching age 55 with at least 12 years of credited service. Employees hired on or after January 1, 2011 are entitled to benefits upon reaching age 60 with at least 12 years of credited service. The Retiree Health Plan does not issue a publicly available financial report.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

Effective with the year ending June 30, 2010, the Caldwell Parish Clerk of Court implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The statement has been implemented prospectively. Using this method, the OPEB liability relative to past service will be amortized and recognized as an expense over thirty years.

Funding Policy. The Caldwell Parish Clerk of Court contributes 100% of the cost of current year premiums for eligible retired employees. The Clerk of Court recognizes the cost of providing these benefits as an expenditure when the monthly premiums are paid. For the year ended June 30, 2017, the total amount of premiums paid for retirees totaled \$22,780.

Annual OPEB Cost and Net OPEB Obligation. The Clerk's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Caldwell Parish Clerk of Court has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs 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 Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation to the retiree health plan.

Determination of Annual Required Contribution:	
Normal Cost at fiscal year end	\$ 50,741
Amortization of UAAL	<u>39,249</u>
Annual Required Contribution (ARC)	\$ 89,990
Determination of Net OPEB Obligation:	
Annual Required Contribution (ARC)	\$ 89,990
Interest on net OPEB obligation	25,118
Adjustment to annual required contribution	<u>(29,316)</u>
Annual OPEB cost (expense)	\$ 85,792
Contributions made	<u>(22,780)</u>
Increase in net OPEB obligation	\$ 63,012
Net OPEB obligation at beginning of year	<u>703,595</u>
Net OPEB obligation at end of year	<u>\$766,607</u>

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

The Clerk of Court's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the two preceding fiscal years are shown below:

	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPB Obligation
June 30, 2015	\$104,054	5.00%	\$626,604
June 30, 2016	\$ 83,150	7.40%	\$703,595
June 30, 2017	\$ 85,792	26.55%	\$766,607

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of interest, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded 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 multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumption. 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A simplified version of the entry age actuarial cost method was used. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis over thirty years. The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical retirement age for the covered group, and unless otherwise indicated, active members were assumed to retire at age 55 or the earliest age after that at which they would have at least 12 years of service with the Clerk of Court's office.

Marital status - Marital status of members at the calculation date were assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2011 United States Life Tables for Males and for Females, revised September 22, 2016, were used.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 5.1% initially, increased to an ultimate rate of 5.9 % after ten years, was used.

Health insurance premiums - 2017 age-adjusted health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - A long-term inflation assumption of 3.81% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Investment Return Assumption (Discount Rate): Based on the assumption that the ARC will not be funded, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate of 3.57% was used.

8. Risk Management:

The Caldwell Parish Clerk of Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk of Court maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court.

9. Expenditures of the Clerk of Court Paid by the Parish Police Jury:

Certain expenses of the Caldwell Parish Clerk of Court's office are paid by the Caldwell Parish Police Jury. In addition to furnishing the building where the Clerk of Court's office is located, the Caldwell Parish Police Jury pays all utility bills, some insurance, and furnishes some of the equipment in the Clerk of Court's office.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2017

10. Deferred Compensation Plan:

All of the employees of the Caldwell Parish Clerk of Court are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Clerk of Court matches 100% of the employee contribution up to \$300 per month for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Clerk of Court does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2017, the Clerk of Court's matching funds totaled \$7,172.

11. Subsequent Events:

Management has evaluated events through November 13, 2017, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Caldwell Parish Clerk of Court
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2017

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Licenses & Permits	\$ 2,200	\$ 1,700	\$ 1,725	\$ 25
Charges for Services	376,000	368,000	428,242	60,242
Intergovernmental- Supplemental Compensation Fund	21,700	22,800	22,750	(50)
Grant Revenue	8,300	8,300	70,812	62,512
Miscellaneous- Interest	4,900	4,900	3,123	(1,777)
Miscellaneous	3,900	3,900	36	(3,864)
Total Revenues	\$417,000	\$409,600	\$526,688	\$117,088
EXPENDITURES:				
Judicial- Current- Personnel Services	\$385,000	\$385,000	\$343,364	\$ 41,636
Operating Services	60,000	60,000	71,338	(11,338)
Operating Supplies	14,000	14,000	108,164	(94,164)
Miscellaneous	3,500	3,500	5,372	(1,872)
Supreme Court Grant	8,300	8,300	0	8,300
Capital Expenditures	0	0	5,242	(5,242)
Total Expenditures	\$470,800	\$470,800	\$533,480	\$ (62,680)
Excess(Deficiency) of Revenues over Expenditures	\$ (53,800)	\$ (61,200)	\$ (6,792)	\$ 54,408
Fund Balance – Beginning of Year	218,628	218,628	218,628	0
Fund Balance – End of Year	\$164,828	\$157,428	\$211,836	\$ 54,408

See independent auditor's report.

Caldwell Parish Clerk of Court
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
2015	0.225890%	\$304,698	\$211,415	144.12%	79.37%
2016	0.231243%	\$346,873	\$213,650	162.36%	78.13%
2017	0.234072%	\$433,027	\$214,780	201.61%	74.17%

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

See independent auditor's report.

Caldwell Parish Clerk of Court
Schedule of Employer Contributions
For the Year Ended June 30, 2017

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$40,169	\$40,169	\$0	\$211,415	19.00%
2016	\$40,594	\$40,594	\$0	\$213,650	19.00%
2017	\$40,808	\$40,808	\$0	\$214,780	19.00%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2017.

See independent auditor's report.

Caldwell Parish Clerk of Court
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2017

Agency Head Name: Cherie Lott, Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$146,249
Benefits-Insurance	14,021
Benefits-Retirement	39,853
Deferred Compensation	5,570
Benefits-Other	2,121
Car allowance	21,937
Cell phone	1,911
Dues	30
Registration fees	965
Conference travel	1,681
Other	<u>1,800</u>
Total	<u>\$236,138</u>

See independent auditor's report.

Caldwell Parish Clerk of Court
Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2017

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and Successions	\$622,149	\$181,822	\$803,971
Interest Income	<u>1,604</u>	<u>453</u>	<u>2,057</u>
Total Additions	<u>\$623,753</u>	<u>\$182,275</u>	<u>\$806,028</u>
DEDUCTIONS:			
Clerk's Costs (paid to general fund)	\$205,412	\$ 0	\$205,412
Settlements to Litigants	365,434	84,237	449,671
Sheriff's Fees	<u>16,772</u>	<u>0</u>	<u>16,772</u>
Total Deductions	<u>\$587,618</u>	<u>\$ 84,237</u>	<u>\$671,855</u>
Change in Liabilities	\$ 36,135	\$ 98,038	\$134,173
Liabilities-Beginning	<u>424,965</u>	<u>129,652</u>	<u>554,617</u>
Liabilities-Ending	<u>\$461,100</u>	<u>\$227,690</u>	<u>\$688,790</u>

The accompanying notes are an integral part of this statement.

SUPPLEMENTARY INFORMATION

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation
Roger M. Cunningham, CPA - A Professional Corporation
Jessica H. Broadway, CPA - A Professional Corporation
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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*

Honorable Cherie Cox
Caldwell Parish Clerk of Court
P. O. Box 1327
Columbia, LA 71418

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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund and fiduciary funds, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Caldwell Parish Clerk of Court's basic financial statements and have issued our report thereon dated November 13, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2017-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2017-002.

Caldwell Parish Clerk of Court Response to Findings

The Clerk's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. The Clerk's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 13, 2017
Natchitoches, Louisiana

Caldwell Parish Clerk of Court
Schedule of Audit Findings
Year Ended June 30, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Caldwell Parish Clerk of Court as of and for the year ended June 30, 2017.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

2017-001 *Segregation of Duties*

Criteria - The Clerk's office should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to a lack of funds, the Clerk's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Clerk's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Clerk of Court to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Caldwell Parish Clerk of Court
Schedule of Audit Findings-continued
Year Ended June 30, 2017

Noncompliance-

2017-002 *Local Government Budget Act*

Criteria - Revised Statutes 39:1301-1315, direct local governments as to the manner in which the annual budget shall be adopted, implemented, and amended. This included the requirements to revise the budget when total expenditures and other uses exceed the total budgeted expenditures and other uses by five percent or more.

Condition - For the year ended June 30, 2017, the Clerk did not follow the requirements of the Local Government Budget Act in that proper amendments were not made to ensure the five percent variance for expenditures were met for the Salary Fund.

Effect - The Clerk is not in compliance with the Local Government Budget Act.

Cause - Due to the implementation of the LCRAA services, the Clerk made an unusual purchase close to year end that was not properly budgeted.

Recommendation - The Clerk should comply with all provisions of the Local Budget Act and be mindful of disbursements that occur late in the year that may have an effect on the budget.

Management's Response - The Clerk fully intends to comply with the provisions of the Local Government Budget Act.

III. PRIOR YEAR AUDIT FINDINGS

2016-001 *Segregation of Duties*

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Status - As of June 30, 2017 this condition still exists. See current year finding 2017-001.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

Honorable Cherie Lott
Caldwell Parish Clerk of Court

We have performed the procedures enumerated below, which were specified and agreed to by the Honorable Cherie Lott of the Caldwell Parish Clerk of Court to assist the Clerk in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2017. We are required to perform each procedure and report the results, including any exceptions. Agency is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

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

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and determined whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:
 - **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - **Disbursements**, including processing, reviewing, and approving.
 - **Receipts**, including receiving, recording, and preparing deposits.
 - **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - a) Procedure Results - We noted one exception on the budget policy: (1) The policy does not address how the budget will be monitored. We noted one exception on the purchasing policy: (1) The policy does not express how vendors are added to the vendor list. We noted three exceptions on the contracting policy: (1) the policy does not address the legal review; (2) approval process; or (3) monitoring process associated with contracts. We noted three exceptions on the credit card policy: (1) the policy does not address the documentation requirement, (2) required approvers; or (3) monitoring process associated with credit cards. We noted one exception on the travel and expense reimbursement policy: (1) The policy does not address required approvers.
 - b) Management's Response – We will include the exceptions listed above in the associated policies.

Board (or Finance Committee, if applicable)

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - Determined 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.
 - Determined 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.

- Determined 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.
 - a) Procedure Results – The Clerk of Court is an elected official with no governing board, therefore, there are no minutes to review.

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, we selected 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). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and determined whether:
 - Bank reconciliations have been prepared;
 - 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
 - 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.
 - a) Procedure Results – We noted no exceptions.

Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected 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). For each cash collection location selected:
 - We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and determined 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.
 - We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and determined 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.

- We selected 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, traced daily collections to the deposit date on the corresponding bank statement and determined whether the deposits were made within one day of collection. If deposits were not made within one day of collection, we determined the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and noted any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and determined 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 cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.
 - a) Procedure Results – We noted three exceptions. (1) Employees are not bonded. (2) the same person is responsible for making deposits, recording transactions and reconciling the bank accounts; (3) The same cash drawer is used by multiple employees;
 - b) Management’s Response – Clerks of Court are not required to have insurance bonds on their employees, according to Louisiana Revised Statutes. Segregation of duties is not economically feasible within our office; however, we will try to delegate some of the deposit requirements between the staff within the office. We feel that since cash collections within the office are minimal, it is not necessary to have cash drawers for each employee.

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

- 8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sort/filter for entity disbursements. We obtained management’s representation that the listing or general ledger population is complete.
- 9. Using the disbursement population from #8 above, we randomly selected 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. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and determined whether the supporting documentation for each transaction demonstrated that:
 - 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.

- Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - 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.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we noted whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
 11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we noted whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
 12. We inquired of management and observed 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, we reviewed entity documentation (electronic system control documentation) and noted whether the persons with signatory authority have system access to print checks.
 13. If a signature stamp or signature machine is used, we inquired 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. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.
 - a) Procedure Results – We noted two exceptions: (1) The Clerk does not require the use of purchase orders; (2) The Clerk herself initiates, prepares, approves, signs and adds vendors to the disbursement system.
 - b) Management's Response – We do not feel that purchase orders are necessary; however, all requests are verbally approved by the Clerk before purchases are initiated. Segregation of duties is not economically feasible within our office; however, I have begun with the current year delegating more responsibility and duties to my staff.

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

14. We obtained 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. We obtained management's representation that the listing is complete.
15. Using the listing prepared by management, we selected the one card used during the fiscal period.

We obtained the monthly statements for the selected card. We selected the monthly statement with the largest dollar activity and:

- Determined 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.]
- Determined whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for the card selected.

- For each transaction, we determined 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).
- For each transaction, we compared 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.
- For each transaction, we compared 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.

a) Procedure Results – We noted no exceptions.

Travel and Expense Reimbursement

17. We obtained 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. We obtained management's representation that the listing or general ledger is complete.

18. We obtained the entity's written policies related to travel and expense reimbursements. We compared 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.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained 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:
 - We compared expense documentation to written policies and determined 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.
 - We determined 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.]
 - 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).
 - We compared 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.
 - We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
 - a) Procedure Results – We noted two exceptions: (1) Reimbursements found do not follow written policy; (2) no documentation found to support reimbursements.
 - b) Management's Response – We will begin following our written policies and procedures and including supporting documentation with each travel and expense reimbursement made within our office.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected 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). We obtained the related contracts and paid invoices and:
- Determined whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We noted 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).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - We determined 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.
 - We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and noted whether the invoice and related payment complied with the terms and conditions of the contract.
 - We obtained/reviewed contract documentation and board minutes and determined whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
 - a) Procedure Results - We noted no exceptions.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained their personnel files, and:
- a) Reviewed 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.
 - b) Reviewed 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.

23. We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Determined 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.)
 - b) Determined whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Determined 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.
24. We obtained 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, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We noted whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We determined 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.
- a) Procedure Results – We noted no exceptions.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management and determined whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed 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. We determined whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.
- a) Procedure Results – We noted no exceptions.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, we obtained supporting documentation from the entity, and determined whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, we obtained supporting documentation from the entity and determined whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax mileages relating to debt service, we obtained supporting documentation and determined whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we determined whether any mileages continue to be received for debt that has been paid off.
 - a) Procedure Results – No procedures were performed as there was no outstanding debt or debt issued during this fiscal period.

Other

31. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and noted whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. We observed 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.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.
 - a) Procedure Results – We noted no exceptions.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Agency and the LLA, and is not intended to be, and should not be, used by anyone other than the specified parties.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

November 13, 2017
Natchitoches, Louisiana