

**WASHINGTON PARISH CLERK OF COURT
Franklinton, Louisiana**

**Annual Financial Statements
As of and for the Year Ended June 30, 2019**

Washington Parish Clerk of Court
Annual Financial Statements
As of and for the Year Ended June 30, 2019

TABLE OF CONTENTS

| | Page |
|--|-------------|
| Independent Auditor's Report | 1 |
| <u>Required Supplemental Information – Part I</u> | |
| Management's Discussion and Analysis | 3 |
| <u>Basic Financial Statements</u> | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 9 |
| Statement of Activities | 10 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Fund | 11 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position | 12 |
| Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance | 13 |
| Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities | 14 |
| Statement of Fiduciary Net Position-Agency Funds | 15 |

| | Page |
|--|------|
| Notes to the Financial Statements | 16 |
| <u>Required Supplemental Information – Part II:</u> | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund, year ended June 30, 2019 | 44 |
| Schedule of Changes in Total OPEB Liability and Related Ratios | 45 |
| Schedule of the Proportionate Share of the Net Pension Liability | 46 |
| Schedule of Employer Contributions | 47 |
| Notes to the Required Supplementary Information | 48 |
| Schedule Required by State Law LSA R.S. 24:513A(1)(a)(3) | 49 |
| 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> | 50 |
| Schedule of Findings and Questioned Costs | 52 |
| Summary Schedule of Prior Audit Findings | 55 |
| Report on Statewide Agreed Upon Procedures | 58 |

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INDEPENDENT AUDITOR'S REPORT

Honorable Johnny D. Crain, Jr.
Washington Parish Clerk of Court
Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington Parish Clerk of Court as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Washington Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington Parish Clerk of Court as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 3-8), Budgetary Comparison Information (page 44), Schedule of Changes in Total OPEB Liability and Related Ratios (page 45), Schedule of the Proportionate Share of the Net Pension Liability (page 46) and Schedule of Employer Contributions (page 47) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, as required by Louisiana Revised Statute 24:513 A(3), is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 27, 2019 on my consideration of the Washington Parish Clerk of Court's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Washington Parish Clerk of Court's 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 Washington Parish Clerk of Court's internal control over financial reporting and compliance.



Robert A. Neilson, CPA, LLC

Bogalusa, Louisiana
December 27, 2019

REQUIRED SUPPLEMENTARY INFORMATION

PART I

Washington Parish Clerk of Court
Management's Discussion and Analysis
June 30, 2019

This discussion and analysis of the Washington Parish Clerk of Court's (Clerk) financial performance provides an overview of the Clerk's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS- GOVERNMENT-WIDE

- Government-wide liabilities exceeded assets by \$2,396,883.
- Government-wide revenues increased \$164,476, or 9.5 percent and total expenses increased by \$137,767 or 9.1 percent.
- The general fund reported a fund balance of \$775,561, an increase of \$331,208 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Clerk's basic financial statements. The Clerk's basic financial statements comprise three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances in a manner similar to private sector business. They present the financial picture of the Clerk from an economic resources measurement focus using the accrual basis of accounting.

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

The statement of activities presents information showing how the government's Net Position changed during the fiscal year using the accrual basis of accounting. All revenues and expenses are reported in this statement regardless of when cash is received or paid.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk, like other state and local governments, uses fund accounting to

Washington Parish Clerk of Court
Management's Discussion and Analysis
June 30, 2019

ensure and demonstrate compliance with finance-related legal requirements. The Clerk has two kinds of funds: 1) governmental funds and 2) agency funds.

Governmental funds- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. The governmental fund statements provide a short-term view of the Clerk's general government operations. The Clerk uses one governmental fund, the general fund, to account for its operations.

Agency funds- The agency funds account for assets held by the Clerk as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Clerk's Net Position at June 30, 2019 and 2018 are summarized below.

| | <u>2019</u> | <u>2018</u> |
|---|---------------------------|---------------------------|
| Assets: | | |
| Current and other assets | \$832,036 | \$480,303 |
| Capital assets (net of accumulated depreciation) | <u>90,659</u> | <u>108,273</u> |
| Total assets | <u>\$922,695</u> | <u>\$588,576</u> |
| Deferred Outflows of Resources | <u>\$558,924</u> | <u>\$246,975</u> |
| Liabilities: | | |
| Current and other liabilities | \$64,582 | \$44,057 |
| Long-term liabilities | <u>3,691,217</u> | <u>3,402,521</u> |
| Total liabilities | <u>\$3,755,799</u> | <u>\$3,446,578</u> |
| Deferred Inflows of Resources | <u>\$122,703</u> | <u>\$49,562</u> |

Washington Parish Clerk of Court
Management's Discussion and Analysis
June 30, 2019

| | <u>2019</u> | <u>2018</u> |
|---|-----------------------------|-----------------------------|
| Net Position: | | |
| Investment in capital assets, net of related debt | \$60,258 | \$69,765 |
| Unrestricted | <u>(2,457,141)</u> | <u>(2,730,354)</u> |
| Total Net Position | <u>\$(2,396,883)</u> | <u>\$(2,660,589)</u> |

Capital assets are non-liquid assets and cannot be utilized to satisfy the Clerk's obligations.

Changes in the clerk's net position for the year's ended June 30, 2019 and 2018 are summarized below.

| | <u>2019</u> | <u>2018</u> |
|--|-----------------------------|-----------------------------|
| Revenues: | | |
| Program revenues | | |
| Fees, Fines, & Charges for Services | \$1,773,794 | \$1,612,672 |
| Capital Grants & Contributions | - | 5,268 |
| General revenues | <u>126,181</u> | <u>117,560</u> |
| Total revenues | <u>1,899,975</u> | <u>1,735,500</u> |
| Expenses: | | |
| Personal services and related benefits | 1,326,178 | 1,190,751 |
| Operating services | 223,862 | 223,016 |
| Supplies | 52,116 | 41,367 |
| Other expenses | <u>34,113</u> | <u>43,289</u> |
| Total expenses | <u>1,636,269</u> | <u>1,498,423</u> |
| Change in Net Position | 263,706 | 237,077 |
| Net Position-Beginning | <u>(2,660,589)</u> | <u>(2,897,666)</u> |
| Net Position-Ending | <u>\$(2,396,883)</u> | <u>\$(2,660,589)</u> |

Fees for recording were approximately 35 percent of program revenues for the years ended June 30, 2019 and 2018. Fees from civil suits were approximately 41 and 39 percent of program revenues in 2019 and 2018, respectively.

Washington Parish Clerk of Court
Management's Discussion and Analysis
June 30, 2019

Personal services and related benefits were approximately 75 percent and 73 percent of program revenues in 2019 and 2018, respectively.

In the year ended June 30, 2019, approximately 93 percent of the Clerk's revenues represented charges for services.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The general government functions are reported in the general fund. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. The unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance of the general fund increased during the year ended June 30, 2019 as a result of a increase in overall revenue. At the end of the current year, the total fund balance of \$775,561 was unassigned. Unassigned fund balance represents approximately 53 percent of total fund expenditures.

The difference between the general fund expenditures and the expenses on the statement of activities are in the reporting of capital expenditures, depreciation, capital leases, repayment of debt and other post-employment benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget was prepared in accordance with the provisions of the Local Government Budget Act. The budget was amended during the year.

The following are significant variations between the budget and actual amounts.

1. Actual revenues were higher than budgeted revenues by \$56,253. This favorable outcome results from higher than anticipated revenues from recordings and civil suits.
2. Actual expenditures were over budgeted expenditures by \$41,696. This unfavorable outcome primarily derives from pay related to elections during the year and the rise of employee benefits.

Washington Parish Clerk of Court
 Management's Discussion and Analysis
 June 30, 2019

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. The following summarizes the Clerk's investment in capital assets at June 30, 2019 and 2018.

| | <u>2019</u> | <u>2018</u> |
|-------------------------------------|------------------------|------------------------|
| Capital assets | \$737,953 | \$778,335 |
| Less accumulated depreciation | (647,294) | (670,062) |
| Capital assets, net | 90,659 | 108,273 |
| Less related debt | (30,401) | (38,508) |
| Investment in capital assets | <u>\$60,258</u> | <u>\$69,765</u> |

The clerk purchased \$708 and leased \$40,534 of capital assets and \$0 in the years ended June 30, 2019 and 2018, respectively.

Long-Term Debt. The following summarizes the Clerk's capital lease obligation activity during the years ended June 30, 2019 and 2017.

| | <u>2019</u> | <u>2018</u> |
|-----------------------|------------------------|------------------------|
| Beginning Balance | \$38,508 | \$7,397 |
| Additions | 0 | 40,534 |
| Payments | (8,107) | (9,423) |
| Ending Balance | <u>\$30,401</u> | <u>\$38,508</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The annual budget is developed to provide efficient, effective and economic uses of the Clerk's resources.

Revenues during fiscal year ending June 30, 2020 are expected to decrease slightly. The Clerk is conservative when preparing the budget for the new fiscal year. Budgeted revenues were based on the prior year numbers with a slight decrease in civil suits. Expenditures are expected to increase due to elections held during the year and raises given to employees.

Washington Parish Clerk of Court
Management's Discussion and Analysis
June 30, 2019

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Clerk's finances and to show the Clerk's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Honorable Johnny D. Crain, Jr., Washington Parish Clerk of Court, P.O. Box 607, Franklinton, LA 70438, phone number (985) 839-4663.

BASIC FINANCIAL STATEMENTS

Washington Parish Clerk of Court
Statement of Net Position
June 30, 2019

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| Cash & Cash Equivalents | \$ 377,435 |
| Investment | 405,934 |
| Receivables | 39,464 |
| Due from other funds | 9,203 |
| Capital assets (net) | <u>90,659</u> |
| Total Assets | <u>\$ 922,695</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension Related | 303,652 |
| OPEB Related | <u>255,272</u> |
| Total Deferred Outflows of Resources | \$ 558,924 |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 34,565 |
| Due to other funds | 5,246 |
| Payroll Taxes Payable | 10,812 |
| Compensated Absences Payable | 5,852 |
| Capital Lease | 8,107 |
| Long Term Liabilities | |
| Capital Lease | 22,294 |
| OPEB Obligation | 2,607,614 |
| Pension Liability | <u>1,061,309</u> |
| Total Liabilities | <u>\$ 3,755,799</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related | 50,984 |
| OPEB Related | <u>71,719</u> |
| Total Deferred Inflows of Resources | \$ 122,703 |
| NET POSITION | |
| Investment in capital assets, net of related debt | \$ 60,258 |
| Unrestricted | <u>(2,457,141)</u> |
| Total Net Position | <u>\$ (2,396,883)</u> |

The accompanying notes are an integral part of the financial statements.

Washington Parish Clerk of Court
Statement of Activities
For the Year Ended June 30, 2019

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expenses) Revenue and Changes in Net Position</u> |
|-----------------------------------|---------------------|--|---|---|---|
| | | <u>Fees, Fines, & Charges for Services</u> | <u>Operating Grants & Contributions</u> | <u>Capital Grants & Contributions</u> | <u>Governmental Activities</u> |
| Governmental Activities: | | | | | |
| Judicial | \$ 1,629,233 | \$ 1,773,794 | \$ - | \$ - | \$ 144,561 |
| Interest on Long Term Debt | 7,036 | - | - | - | (7,036) |
| Total | <u>\$ 1,636,269</u> | <u>\$ 1,773,794</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 137,525</u> |
| General Revenues | | | | | |
| | | | | | 9,509 |
| | | | | | 116,672 |
| | | | | | <u>126,181</u> |
| | | | | | 263,706 |
| | | | | | \$ (2,660,589) |
| | | | | | <u>\$ (2,396,883)</u> |

Washington Parish Clerk of Court
Governmental Fund-General Fund
Balance Sheet
June 30, 2019

| | |
|------------------------------|---------------------------------|
| ASSETS | |
| Cash | \$ 377,435 |
| Investment | 405,934 |
| Receivables | 39,464 |
| Due from other funds | 9,203 |
| | <hr/> |
| Total Assets | <u><u>\$ 832,036</u></u> |
| LIABILITIES | |
| Accounts Payable | \$ 34,566 |
| Due to other funds | 5,245 |
| Payroll Taxes Payable | 10,812 |
| Compensated Absences Payable | 5,852 |
| | <hr/> |
| Total Liabilities | <u><u>\$ 56,475</u></u> |
| FUND BALANCE | |
| Unassigned | \$ 775,561 |
| | <hr/> |
| Total Fund Balance | <u><u>\$ 775,561</u></u> |

Washington Parish Clerk of Court
 Reconciliation of the Governmental Fund
 Balance Sheet to the Statement of Net Position
 June 30, 2019

Fund Balance- Governmental Fund **\$ 775,561**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental fund:

| | |
|-------------------------------|-----------|
| Governmental Assets | 737,953 |
| Less Accumulated Depreciation | (647,294) |

The deferred outflows of expenditures for the Clerk of Court's Retirement and Relief Fund and Other Post Employment Benefits are not a use of current resources, and therefore, are not reported in the fund financial statements.

| | |
|---|---------|
| Deferred Outflows related to pensions | 303,652 |
| Deferred Outflows related to OPEB obligations | 255,272 |

Long Term Liabilities are not due and payable in the current year and therefore not reported in the governmental fund:

| | |
|-------------------|-------------|
| Capital Leases | (30,401) |
| OPEB Obligation | (2,607,614) |
| Pension Liability | (1,061,309) |

The deferred inflows of contributions for the Clerk of Court's Retirement and Relief Fund are not available current resources, and therefore, are not reported in the fund financial statements.

| | |
|--|----------|
| Deferred Inflows related to pensions | (50,984) |
| Deferred Inflows related to OPEB obligations | (71,719) |

Net Position of Governmental Activities **\$ (2,396,883)**

Washington Parish Clerk of Court
 Governmental Fund-General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2019

| | |
|--|---------------------|
| Revenues | |
| Recordings | \$ 626,156 |
| Cancellations | 43,749 |
| Mortgage certificates | 21,682 |
| Certified copies | 18,210 |
| Court attendance | 6,880 |
| Criminal fees | 43,304 |
| Civil Suits | 720,702 |
| Elections | 8,285 |
| Notarial Fees | 3,527 |
| Marriage Licenses | 7,089 |
| Interest | 9,509 |
| Miscellaneous | 274,211 |
| | <hr/> |
| Total Revenues | \$ 1,783,304 |
| | <hr/> |
| Expenditures | |
| Personal services | \$ 803,604 |
| Employee Benefits | 347,908 |
| Travel | 9,633 |
| Operating Services | 217,061 |
| Supplies | 52,116 |
| Debt Service | |
| Principal | 8,107 |
| Interest & Other Charges | 7,036 |
| Capital Outlay | 6,631 |
| | <hr/> |
| Total Expenditures | \$ 1,452,096 |
| | <hr/> |
| Net Change in Fund Balance | \$ 331,208 |
| | <hr/> |
| Fund Balance at Beginning of Year | 444,353 |
| | <hr/> |
| Fund Balance at End of Year | \$ 775,561 |
| | <hr/> <hr/> |

Washington Parish Clerk of Court
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balance to the Statement of Activities
 Governmental Fund
 For the Year Ended June 30, 2019

Net Changes in Governmental Fund Balance **\$ 331,208**

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

| | |
|----------------------|----------|
| Capital Outlay | 6,631 |
| Depreciation Expense | (24,245) |

| | |
|---|-------|
| Repayment of debt principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position. | 8,107 |
|---|-------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

| | |
|---|-----------|
| OPEB expense is not reported in the governmental fund | (158,764) |
| Clerk's Portion of Retiree Insurance | 46,605 |
| Pension Expense is not reported in the governmental fund | (189,283) |
| Pension contributions made subsequent to the measurement date | 126,775 |

| | |
|------------------------------------|--------|
| Non-employer pension contributions | 69,991 |
| Non-employer OPEB contributions | 46,681 |

| | |
|--|-------------------|
| Change in Net Position of Governmental Activities | \$ 263,706 |
|--|-------------------|

Washington Parish Clerk of Court
Statement of Fiduciary Net Position- Agency Funds
June 30, 2019

| | <u>Advance Deposit</u> | <u>Registry of Court</u> | <u>Civil Jury</u> | <u>Total</u> |
|------------------------------------|----------------------------|------------------------------|-------------------|---------------------|
| ASSETS | | | | |
| Cash | \$ 890,312 | \$ 769,560 | \$ 3,825 | \$ 1,663,697 |
| Total Assets | <u>\$ 890,312</u> | <u>\$ 769,560</u> | <u>\$ 3,825</u> | <u>\$ 1,663,697</u> |
| LIABILITIES | | | | |
| Due to Salary Fund | \$ 2,308 | \$ 182 | \$ 66 | \$ 2,556 |
| Unsettled deposits held for others | 888,004 | 769,378 | 3,759 | 1,661,141 |
| Total Liabilities | <u>\$ 890,312</u> | <u>\$ 769,560</u> | <u>\$ 3,825</u> | <u>\$ 1,663,697</u> |
| Net Position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Washington 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 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

The Clerk of Court is an independently elected official. The Washington Parish Government has determined that the Clerk is not a component unit of Parish Government utilizing criteria established by GASB Statement 14.

The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the Washington Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Washington 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 functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

C. FUND ACCOUNTING (continued)

Governmental Funds

Governmental funds account for most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Clerk of Court. The following is the clerk's governmental fund:

The general fund is the primary operating fund of the clerk and it accounts for all financial resources, except those required to be accounted for in other funds. The general fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to clerk policy.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category are agency funds. The Clerk of Court has agency funds of Advance Deposit, Registry of Court, and Civil Jury which act as agents for litigants pending court action. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements(FFS)

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.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Fund Financial Statements(FFS) (continued)

Governmental funds and 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 Washington Parish Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Fees for certified copies, cancellations, mortgage certificates, recording legal documents, and criminal fees are recorded in the year they are earned. Substantially all other revenues are recorded when received.

Expenditures

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

Other Financing Sources/(Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources/(uses). These other financing sources/(uses) are recognized at the time the underlying events occur.

Government-Wide Financial Statements(GWFS)

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

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).

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Government-Wide Financial Statements(GWFS) (continued)

Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Fiduciary activities are not included in the government-wide financial statements. In the Statement of Activities, program revenues consist primarily of the normal day to day fees charged by the Clerk including fees from civil suits, recordings, and cancellations. Since there is only one function/program with the Clerk of Court, indirect expenses are all allocated to the judicial program. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

E. BUDGETS

The Washington Parish Clerk of Court follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with the Local Government Budget Act of the State of Louisiana, the Washington Parish Clerk of Court prepares operating budgets for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budgets include proposed expenditures and the means of financing them for the upcoming year.
2. The budgets are available for public inspection for a fifteen day period prior to a public hearing held to obtain taxpayer comment.
3. The budgets are adopted at the public hearing and are authorized for implementation on the first day of the fiscal year.
4. The budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
5. The budgets may be revised during the year as estimates regarding revenues and expenditures change.
6. All budgetary appropriations lapse at the end of each fiscal year.

F. CASH AND CASH EQUIVALENTS

Under state law, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under state law and national banks having their principal offices in Louisiana. In accordance with Louisiana Statutes, the Clerk maintains deposits at those depository banks authorized by the Clerk. All such depositories are members of the Federal Reserve System.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

G. INTERFUND ACTIVITIES

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

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost. The clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|------------------------------------|------------------------|
| Equipment under capital lease | 5-8 years |
| Building improvements | 25 years |
| Furniture, fixtures, and equipment | 5-20 years |
| Vehicles | 5 years |

I. COMPENSATED ABSENCES

Employees receive annual vacation days on July 1st of each year, depending upon length of service. All employees are allowed to carry over 5 unused annual days per year. Upon resignation or termination, employees are paid for up to 5 days of unused vacation time.

After completing one year of service employees receive up to 10 days of sick leave on July 1st of each year. Earned but unused sick leave has not been accrued as a liability because no payments will be made at resignation or termination of employment.

J. NET POSITION IN THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

For the government-wide statement of net position, the net position amount is classified and displayed in three components:

- Net Investment in Capital Assets – This component 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 capital assets.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

- Restricted net position – This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws, regulations, of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for uses, it is the government’s policy to use restricted resources first, then unrestricted resources as needed.

K. FUND BALANCE

In the governmental fund financial statements, fund balances may be classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- Restricted – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by the Clerk.
- Assigned – Amounts that are designated by the Clerk for a specific purpose but are neither restricted nor committed.
- Unassigned – All amounts not included in other spendable classifications.

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

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the Parish Treasurer the portion of the General Fund’s fund balance that exceeds one-half of the revenues of the clerk’s last year of his term of office. At June 30, 2019, there was no amount due the parish treasurer as this was not the last year of the

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

K. FUND BALANCE (continued)

clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

L. ESTIMATES

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

M. NEW GASB PRONOUNCEMENTS

The GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. This Statement will be effective for the Clerk of Court's office for the fiscal year ending June 30, 2020.

The GASB issued Statement No. 87, *Leases*, in June 2017. The Statement addresses the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract. This Statement will be effective for the Clerk of Court's office for the fiscal year ending June 30, 2021.

2. CASH

At June 30, 2019, the Washington Parish Clerk of Court had cash (book balances) totaling \$2,041,133 as follows:

| | Primary Government | Fiduciary Funds | Total |
|-------------------------|-------------------------|---------------------------|---------------------------|
| Demand deposits | \$277,435 | \$1,319,093 | \$1,596,528 |
| Certificates of Deposit | 100,000 | 344,605 | 444,605 |
| Total | <u>\$377,435</u> | <u>\$1,663,698</u> | <u>\$2,041,133</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, these deposits

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

2. CASH (continued)

(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 by a holding or custodial bank that is mutually acceptable to both parties. As of June 30, 2019, bank balances in the amount of \$2,157,233 were as follows:

| | |
|---------------------------|--------------------|
| Bank Balances | \$2,157,233 |
| Federal Deposit Insurance | 2,157,233 |
| Pledged Securities | <u>0</u> |
| Total | <u>\$2,157,233</u> |

3. INVESTMENTS

An investment of \$405,934, which is stated at cost and approximates market at June 30, 2019, is invested in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955.

GASB Statement No. 40 Deposit and investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

3. INVESTMENTS (continued)

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is \$2,291,745,126 as of June 30, 2019.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

4. RECEIVABLES

The receivables of \$39,464 at June 30, 2019, consist of various fees and charges for services rendered, employee related receivables, and grants.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019 is as follows:

| | Equipment Under Capital Lease | Building Improvements | Furniture & Equipment | TOTAL |
|---|--|----------------------------------|--------------------------------------|------------------------|
| Capital Assets 6/30/18 | \$87,546 | \$212,564 | \$478,225 | \$778,335 |
| Additions | | | 6,631 | 6,631 |
| Deletions | (47,012) | | | (47,012) |
| Capital Assets 6/30/19 | \$40,534 | \$212,564 | \$484,856 | \$737,954 |
| Accumulated Depreciation 6/30/18 | \$46,794 | \$156,962 | \$466,306 | \$670,062 |
| Additions | 10,352 | 8,502 | 5,391 | 24,245 |
| Deletions | (47,012) | | | (47,012) |
| Accumulated Depreciation 6/30/19 | \$10,134 | \$165,464 | \$471,697 | \$647,295 |
| Capital Assets, Net of Accumulated Depreciation, 6/30/19 | <u>\$30,400</u> | <u>\$47,100</u> | <u>\$13,159</u> | <u>\$90,659</u> |

Accumulated amortization for capital lease equipment is included in the accumulated depreciation for all capital assets.

5. PENSION PLAN

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Clerks' of Court Retirement and Relief Fund prepared its employer schedules in accordance with Governmental Accounting Statement No. 68- Accounting and Financial

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Reporting for Pensions- an amendment of GASB Statement No. 27 GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employers' proportionate share of net pension liability, deferred inflows and deferred outflows.

PLAN FIDUCIARY NET POSITION

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

PLAN DESCRIPTION:

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

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

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

PLAN DESCRIPTION: (continued)

RETIREMENT BENEFITS:

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

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

DISABILITY BENEFITS:

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

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

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

DISABILITY BENEFITS: *(continued)*

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

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

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

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

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

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

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

SURVIVOR BENEFITS:

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic Option 2 benefits are payable to the surviving spouse. These

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

SURVIVOR BENEFITS: (continued)

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. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan.

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

Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. 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.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

DEFERRED RETIREMENT OPTION PLAN: (continued)

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 the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

EMPLOYER CONTRIBUTIONS:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

SCHEDULE OF EMPLOYER ALLOCATIONS:

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required employer contributions are

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

SCHEDULE OF EMPLOYER ALLOCATIONS: (continued)

used to determine the proportionate relationship of each employer to all employers of Louisiana Clerks' of Court Retirement and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the

pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2018 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2018.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS:

At June 30, 2019, the Clerk reported a liability of \$1,061,309 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability as determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Clerk's proportion was 0.63807%, which was an increase of 0.02194% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Clerk recognized pension expense of \$189,283. At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: (continued)

| | <u>Deferred Outflows Of Resources</u> | <u>Deferred Inflows Of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | \$28,166 | \$10,484 |
| Change of assumptions | 110,266 | 0 |
| Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 18,187 | 40,500 |
| Net differences between projected and actual earnings on plan investments | 20,258 | 0 |
| Contributions subsequent to the measurement date | 126,775 | 0 |
| Total | <u>\$303,652</u> | <u>\$50,984</u> |

Deferred outflows of resources of \$126,775 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | |
|----------------------------|------------------|
| 2020 | \$35,506 |
| 2021 | 35,506 |
| 2022 | 35,506 |
| 2023 | <u>19,377</u> |
| TOTAL | <u>\$125,895</u> |

SCHEDULE OF PENSION AMOUNTS BY EMPLOYER:

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

ACTUARIAL METHODS AND 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.

The components of the net pension liability of the Fund's participating employers as of June 30, 2018, are as follows:

| | <u>2018</u> |
|---------------------------------|--------------------------|
| Total Pension Liability | \$794,767,702 |
| Plan Fiduciary Net Position | <u>628,437,651</u> |
| Total Net Pension Liability | <u>\$166,330,051</u> |

The summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

| | |
|----------------------------------|--|
| Valuation Date | June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Investment rate of return | 6.75% (net of investment expense) |
| Projected Salary Increases | 5.00% |
| Inflation Rate | 2.50% |
| 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 | 2018-5 years 2017-5 years 2016-5 Years 2015-5 years 2014-5 years |

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

ACTUARIAL METHODS AND ASSUMPTIONS: *(continued)*

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the Fund and included previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The actuarial assumptions used are based on the assumptions used in the 2018 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. In cases where benefit structures were changes after the experience study period, assumptions were based on future experiences.

The mortality rate assumption used was verified by combining data from this plan with two other statewide plans which have similar workforce composition in order to produce a credible experience. 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 set back 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 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 7.10% as of June 30, 2018. 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, 2018 are summarized in the following table:

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

ACTUARIAL METHODS AND ASSUMPTIONS: (continued)

| Asset Class | Target Allocations | Long-term expected portfolio real rate of return |
|-----------------------------------|--------------------|--|
| Fixed Income: | | |
| Core fixed income | 5.00% | 1.75% |
| Core plus income | 15.00% | 2.00% |
| Domestic Equity: | | |
| Large cap domestic equity | 21.00% | 4.50% |
| Non-large cap domestic equity | 7.00% | 4.75% |
| International Equity: | | |
| Large cap international equity | 14.00% | 4.75% |
| Small cap international equity | 6.50% | 4.50% |
| Emerging markets | 6.50% | 6.25% |
| Real estate | 10.00% | 4.00% |
| Master Limited Partnerships | 5.00% | 6.00% |
| Hedge funds | 10.00% | 3.50% |
| Total | 100.00% | |

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.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

SENSITIVITY TO CHANGES IN DISCOUNT RATE:

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2018.

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|-----------------------|-------------------------|-----------------------------------|-------------------------|
| Net Pension Liability | \$1,622,498 | \$1,061,309 | \$596,124 |

CHANGE IN NET PENSION LIABILITY:

The changes in the net pension liability for the year ended June 30, 2018 were recognized in the current reporting period as pension expense except as follows:

Differences between Actual and Expected Experiences:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$10,484 and deferred outflow of resources of \$28,166 for the year ended June 30, 2019.

Differences between Actual and Invested Earnings:

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$20,258 for the year ended June 30, 2019.

Changes of Assumptions and Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

CHANGE IN NET PENSION LIABILITY: *(continued)*

equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$110,226 for the year ended June 30, 2019.

Change in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion resulted in deferred outflow of resources in the amount of \$18,187 and deferred inflow of resources of \$40,500 for the year ended June 30, 2019.

CONTRIBUTIONS – PROPORTIONATE SHARE:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

FUNDING POLICY:

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate. The rate as of June 30, 2019 was 19.00% of annual covered payroll. Effective July 1, 2013, the Clerk of Court has elected to pay the member's share of the required contribution equal to 8.25% of their annual covered salary. Contributions to the Fund also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Clerk of Court's contributions to the System for the years ended June 30, 2019, 2018, and 2017 were \$126,775, \$113,811, and \$113,130.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

5. PENSION PLAN (continued)

Additional information can be obtained in the annual publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Feliciana, Louisiana 70816, by calling 225-293-1162, or obtained on the website- www.laclerksofcourt.org.

6. DEFERRED COMPENSATION PLAN

The Clerk offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan is administered by the Louisiana Deferred Compensation Commission. The plan, available to all full-time employees of the Clerk, permits them to defer a portion of their salary until future years.

All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by Great West Life & Annuity Insurance Co. for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 100% of their salary with the Clerk matching up to 10% of compensation. Maximum annual contributions for participants under age 50 and for participants age 50 and older may not exceed \$18,500 and \$24,500 respectively. All contributions are immediately vested. The Clerk contributed \$16,800 to the plan during the year ended June 30, 2019.

7. OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

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

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

BENEFITS PROVIDED

The Clerk provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100% of retiree and 25% of dependent pre-Medicare health, Medicare Supplement, vision, and dental insurance premiums. The plan also provides for payment of 100% of retiree life insurance premiums.

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

| | |
|---|-----------|
| Inactive employees currently receiving benefits payments | 10 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active Employees | <u>17</u> |
| TOTAL | <u>27</u> |

TOTAL OPEB LIABILITY

The Clerk's total OPEB liability of \$2,607,614 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2018.

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation: | 2.40% |
| Salary Increases, including inflation: | 3.00% |
| Discount Rate: | 3.13% |
| <u>Health Care Cost Trend Rates:</u> | |
| Medical: | -4.76% in first year, then 6.75%, decreasing 0.25% per year to an ultimate rate of 5% |
| Medicare Supplement: | Initially 5.5% decreasing 0.25% per year to an ultimate rate of 3.0%. Include 2% per year for aging. |
| Dental: | -0.69% for 2019, 3.25% for 2020, decreasing 0.25% per year to an ultimate rate of 3.0% for 2021 and later years |
| Vision | -9.98% for 2019, then 3.0% per year |

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

ACTUARIAL ASSUMPTIONS AND OTHER INPUTS (continued)

Retirees: Share of Benefit Related

Costs:

| | |
|----------------------|--|
| Medical: | 0% for retirees and 75% for dependents |
| Medicare Supplement: | 0% for retirees and 75% for dependents |
| Dental: | 0% for retirees and 75% for dependents |
| Vision | 0% for retirees and 75% for dependents |
| Basic Life Insurance | 0% |

The discount rate was based on the 6/30/2019 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubGH-2010 Healthy Annuitant mortality table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Mortality rates for retired employees were based on the PubGH-2010 Healthy Annuitant mortality table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

The actuarial assumptions used in the June 30, 2019 valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

CHANGES IN THE TOTAL OPEB LIABILITY

| | <u>Total OPEB</u> <u>Liability</u> |
|--|---------------------------------------|
| Balance at 6/30/18 | \$2,373,562 |
| <u>Changes for the year:</u> | |
| Service Cost | 57,600 |
| Interest | 74,635 |
| Differences between expected and actual experience | (81,965) |
| Changes in Assumptions/Inputs | 277,068 |
| Changes in Benefit Terms | 0 |
| Benefit Payments | (93,286) |
| Administrative Expense | 0 |
| Net Changes | <u>\$234,052</u> |
| Balance at 6/30/19 | <u>\$2,607,614</u> |

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE:

The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31 percent) than the current discount rate:

| | 1% Decrease 2.31% | Current Discount Rate 3.31% | 1% Increase 4.31% |
|----------------------|-------------------------|-----------------------------------|-------------------------|
| Total OPEB Liability | <u>\$3,074,574</u> | <u>\$2,607,614</u> | <u>\$2,233,977</u> |

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES:

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

| | 1% Decrease | Trend Rate | 1% Increase |
|----------------------|--------------------|--------------------|--------------------|
| Total OPEB Liability | <u>\$2,242,757</u> | <u>\$2,607,614</u> | <u>\$3,086,857</u> |

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2019, the Clerk recognized an OPEB Expenses of \$158,763. At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$12,839 | \$71,719 |
| Changes in assumptions or other inputs | \$242,433 | \$0 |
| Total | <u>\$255,272</u> | <u>\$71,719</u> |

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

7. OTHER POST-EMPLOYMENT BENEFITS (continued)

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

Year Ended June 30,

| | |
|------------|----------|
| 2020 | \$26,528 |
| 2021 | \$26,528 |
| 2022 | \$26,528 |
| 2023 | \$26,528 |
| 2024 | \$26,528 |
| Thereafter | \$50,916 |

8. CAPITAL LEASE OBLIGATIONS

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements.

| | <u>Capital Lease Obligations</u> |
|------------------------------|----------------------------------|
| June 30, 2018 Balance | \$38,508 |
| Additions | 0 |
| Deductions | <u>(8,107)</u> |
| June 30, 2019 Balance | <u>\$30,401</u> |

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of June 30, 2019:

| | <u>Minimum Lease Commitments</u> |
|--|----------------------------------|
| Years Ending June 30, | |
| 2020 | \$15,143 |
| 2021 | 15,143 |
| 2022 | 15,143 |
| 2023 | <u>11,357</u> |
| Total Minimum Lease Payments | \$56,786 |
| Amounts Representing Interest | <u>(26,385)</u> |
| Present Value of Minimum Lease Payments | <u>\$30,401</u> |

The Clerk of Court does not have any noncancellable operating leases at June 30, 2019.

Washington Parish Clerk of Court
Notes to the Financial Statements
As of and for the Year Ended June 30, 2019

9. EXPENDITURES FOR THE CLERK NOT INCLUDED IN THE FINANCIAL STATEMENTS

Certain operating expenditures of the Clerk's office are paid by the Washington Parish Government as required by Louisiana Revised Statute 33:4713. The Clerk's office is located in the Washington Parish Courthouse, and the upkeep and maintenance of the courthouse are paid by the Washington Parish Government. These expenditures are not reflected in the accompanying financial statements, with the exception of copier lease payments. These expenditures are offset by income so that leases can be accounted for correctly.

10. RISK MANAGEMENT

The Washington 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. These risks are covered, in part, by commercial insurance. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court. Settlements have not exceeded insurance coverage in each of the past three years.

11. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 27, 2019, which is the date the financial statements were available to be issued. The Washington Parish Clerk of Court in his official capacity, among a few employees, have been named in three lawsuits as of the date of this report. At this time, the likelihood of a liability loss is remote, and no adjustments have been made to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PART II

Washington Parish Clerk of Court
Governmental Fund-General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget vs. Actual
For the Year Ended June 30, 2019

| | Original Budget | Final Budget | Actual | Variance with Final Budget Over (Under) |
|--|---------------------|---------------------|---------------------|---|
| Revenues | | | | |
| Fees, charges, and commissions for services: | | | | |
| Recordings | \$ 555,000 | \$ 617,000 | \$ 626,156 | \$ 9,156 |
| Cancellations | 31,000 | 43,000 | 43,749 | 749 |
| Mortgage certificates | 17,000 | 22,000 | 21,682 | (318) |
| Certified copies | 30,000 | 26,000 | 18,210 | (7,790) |
| Court attendance | 9,000 | 7,200 | 6,880 | (320) |
| Criminal fees | 47,000 | 42,000 | 43,304 | 1,304 |
| Civil Suits | 560,000 | 690,000 | 720,702 | 30,702 |
| Elections | 1,000 | 8,200 | 8,285 | 85 |
| Notarial Fees | 4,000 | 4,000 | 3,527 | (473) |
| Marriage Licenses | 7,500 | 6,700 | 7,089 | 389 |
| Interest | 3,500 | 7,100 | 9,509 | 2,409 |
| Miscellaneous | 217,900 | 253,850 | 274,211 | 20,361 |
| Total Revenues | \$ 1,482,900 | \$ 1,727,050 | \$ 1,783,304 | \$ 56,254 |
| Expenditures | | | | |
| Judiciary: | | | | |
| Personal services | \$ 778,000 | \$ 782,400 | \$ 803,604 | \$ 21,204 |
| Employee Benefits | 348,300 | 301,700 | 347,908 | 46,208 |
| Travel | 15,000 | 10,500 | 9,633 | (867) |
| Operating Services | 254,100 | 252,500 | 217,061 | (35,439) |
| Supplies | 52,500 | 57,300 | 52,116 | (5,184) |
| Debt Service | | | | |
| Principal | - | - | 8,107 | 8,107 |
| Interest & Other Charges | - | - | 7,036 | 7,036 |
| Capital Outlay | 35,000 | 6,000 | 6,631 | 631 |
| Total Expenditures | \$ 1,482,900 | \$ 1,410,400 | \$ 1,452,096 | \$ 41,696 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | \$ - | \$ 316,650 | \$ 331,208 | \$ 14,558 |
| Net Change in Fund Balance | \$ - | \$ 316,650 | \$ 331,208 | \$ 14,558 |
| Fund Balance at Beginning of Year | 444,353 | 444,353 | 444,353 | - |
| Fund Balance at End of Year | \$ 444,353 | \$ 761,003 | \$ 775,561 | \$ 14,558 |

Washington Parish Clerk of Court
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2019

| <u>Total OPEB Liability</u> | <u>2018</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| Service Cost | \$ 56,417 | \$ 57,600 |
| Interest | 83,881 | 74,635 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | 17,119 | (81,965) |
| Changes in assumptions or other inputs | - | 277,068 |
| Benefit payments | (89,212) | (93,286) |
| Net Change in Total OPEB Liability | <u>\$ 68,206</u> | <u>\$ 234,052</u> |
| Total OPEB Liability-Beginning | <u>\$ 2,305,356</u> | <u>\$ 2,373,562</u> |
| Total OPEB Liability-End | <u>\$ 2,373,562</u> | <u>\$ 2,607,614</u> |
| Covered Employee Payroll | \$ 622,637 | \$ 642,873 |
| Total OPEB Liability as a percentage of covered employee payroll | 381.2% | 405.6% |

Notes:

Benefit Changes: None

Assumption Changes:

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

| | |
|------|-------|
| 2018 | 3.62% |
| 2019 | 3.13% |

Mortality Rates

2018 RPH-2014 Employee and Healthy Annuity
Generational with MP-2018

2019 PubG.H-2010 Employee and Healthy Annuitant,
Generational with MP-2018

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

Washington Parish Clerk of Court
 Schedule of Proportionate Share of the Net Pension Liability
 For the Year Ended June 30, 2019*

| Year End | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension |
|----------|--|---|----------------------------------|--|--|
| 2015 | 0.644277% | \$ 869,041 | \$ 614,609 | 141.4% | 79.37% |
| 2016 | 0.679363% | \$ 1,019,052 | \$ 595,926 | 171.0% | 78.13% |
| 2017 | 0.652896% | \$ 1,207,842 | \$ 595,419 | 202.9% | 74.17% |
| 2018 | 0.660010% | \$ 998,555 | \$ 599,034 | 166.7% | 79.69% |
| 2019 | 0.638070% | \$ 1,061,309 | \$ 666,782 | 159.2% | 79.07% |

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

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

Washington Parish Clerk of Court
Schedule of Employer Contributions
For the Year Ended June 30, 2019

| Year End | Contractually Required Contribution | Contributions in Relation to Contractual Required Contributions | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|----------|---|---|--|-------------------------------|---|
| 2015 | \$ 116,780 | \$ 116,780 | \$ - | \$ 614,609 | 19.00% |
| 2016 | \$ 113,226 | \$ 113,226 | \$ - | \$ 595,926 | 19.00% |
| 2017 | \$ 113,130 | \$ 113,130 | \$ - | \$ 595,419 | 19.00% |
| 2018 | \$ 113,811 | \$ 113,811 | \$ - | \$ 599,034 | 19.00% |
| 2019 | \$ 126,775 | \$ 126,775 | \$ - | \$ 666,782 | 19.01% |

Note: Covered payroll used is during the measurement period.

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

Washington Parish Clerk of Court
Notes to the Required Supplementary Information
June 30, 2019

Budget and Budgetary Accounting

The Clerk of Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Management prepares a proposed budget and is made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law.
2. The Clerk of Court is responsible for adopting the budget in an open meeting before the end of the fiscal year in accordance with state law.
3. The original budget is prepared based on historical data and projections.
4. Due to the high cost of publications, the budget is only amended once per year, if revenues or expenditures have an unfavorable variance of 5% or greater. That determination is made based on year to date information provided by the outside accountant and any known, upcoming expenditures not yet recorded.

Excess Expenditures over Appropriations

For the year ended June 30, 2019 the general fund had excess expenditures over appropriations in the amount of \$41,696. Reasons for this unfavorable variance include fluctuations in employee benefits, elections held during the fiscal year, and the accrual of lease payments paid by the Washington Parish Government.

Although the general fund had excess expenditures over appropriations, the unfavorable variance was not greater than 5%.

Pension Plan

No changes occurred during the year that would significantly affect trends in the amounts reported.

See independent auditor's report.

SCHEDULE REQUIRED BY STATE LAW LSA RS 24:513A(1)(a)(3)

Washington Parish Clerk of Court
Schedule of Compensation, Reimbursements, Benefits,
and Other Payments to Agency Head
June 30, 2019

Schedule Required by State Law LSA RS 24: 513A(1)(a)(3)

Agency Head Name:

Johnny D. Crain, Jr.

| <u>Purpose</u> | <u>Amount</u> |
|---|-------------------|
| Salary | \$ 119,241 |
| Salary-Other | 2,100 |
| Salary Supplemental Compensation | 25,330 |
| Benefits-Health and Life Insurance | 9,870 |
| Retirement Benefits- Employer portion | 30,820 |
| Deferred Compensation- Employer portion | 6,000 |
| Travel and Meetings | 3,810 |
| Expense Allowance | 14,587 |
| Auto Expense | 22,234 |
| | <hr/> |
| Total | \$ 233,992 |

ROBERT A. NEILSON

CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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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 Johnny D. Crain, Jr.
Washington Parish Clerk of Court
Franklinton, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Washington Parish Clerk of Court, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Washington Parish Clerk of Court's basic financial statements and have issued my report thereon dated December 27, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-4 to be a material weakness.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Washington Parish Clerk of Court's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and

accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying corrective action plan for current year findings as items 2019-1, 2019-2, and 2019-3.

Washington Parish Clerk of Court's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Robert A. Neilson, CPA, LLC

Bogalusa, Louisiana
December 27, 2019

Washington Parish Clerk of Court
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

| | | |
|---|-------------------|------------------|
| Type of Auditor's Report Issued | | Unmodified |
| *Material Weakness Identified | <u> X </u> Yes | <u> </u> No |
| *Significant Deficiency identified that are not considered material weaknesses? | <u> </u> Yes | <u> X </u> No |
| *Noncompliance material to financial statements noted? | <u> X </u> Yes | <u> </u> No |

Section II - Findings Affecting the Financial Statements

Compliance

2019-1

Noncompliance with R.S. 13:842- Repeat Finding

| | |
|------------------------|--|
| Criteria | State Law R.S. 13:842 requires that each suit's unused balance in the Clerk's Advance Deposit Fund be refunded to the person who made the original deposit after five years of inactivity. |
| Condition | The Clerk of Court has suits that are five years or greater in their system. |
| Cause | The Clerk of Court lacks the personnel to research suits that have been dormant for five years or more on a consistent basis and perform related account reconciliations. |
| Effect | The Clerk is not in compliance with state law. |
| Recommendation | The Clerk of Court should research all inactive suits of five years or greater and refund these deposits to the individual who made the original deposit and perform account reconciliations monthly. |
| Corrective Action Plan | There is an employee designated to research old cases and issue refunds. However, this is not her only duty as an employee with the Clerk's office, and the Clerk does not have the funds to hire additional personnel to perform tasks related specifically to Advance Deposit. |

2019-2

Noncompliance with R.S. 9:151 et seq.- Repeat Finding

| | |
|-----------|--|
| Criteria | The Unclaimed Property law R.S. 9:151 et seq.requires that if the Clerk is unable to locate the person who made the original deposit in the Advance Deposit fund five or more years ago, then they must remit those funds to the state treasury. |
| Condition | Since the Clerk's office is not actively researching dormant suits of five years or more on a regular basis, they can not determine which funds should be sent to the state |

Washington Parish Clerk of Court
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

| | |
|------------------------|--|
| Cause | The Clerk of Court lacks the personnel to research suits regularly that have been dormant for five years or more. |
| Effect | The Clerk is not in compliance with state law. |
| Recommendation | The Clerk of Court should research all inactive suits of five years or greater and if the individual, who made the original deposit, cannot be located, then these funds should be remitted to the state treasury. |
| Corrective Action Plan | There is an employee designated to research old cases and issue refunds. However, this is not her only duty as an employee with the Clerk's office, and the Clerk does not have the funds to hire additional personnel to perform tasks related specifically to Advance Deposit. |

2019-3

Violation of Article VII Section 14 of the Louisiana Constitution

| | |
|------------------------|---|
| Criteria | Article VII Section 14 of the Louisiana State Constitution prohibits the donation or loan of public funds. |
| Condition | The Clerk of Court's office remitted insurance for employees' dependents when there were no withholdings. |
| Cause | No one is reconciling payroll liabilities or reviewing related benefit invoices. |
| Effect | The Clerk has violated Article VII Section 14 of the Louisiana Constitution. |
| Recommendation | The outside accountant should reconcile payroll liabilities on a monthly basis, and the Chief Deputy Clerk should review benefit invoices to ensure no benefits are paid without the proper withholdings. |
| Corrective Action Plan | The outside accountant will reconcile the payroll liabilities and the Chief Deputy Clerk will be reviewing the benefit invoices in greater detail. |

Internal Control Matters

2019-4

Payroll Liabilities Reconciliation

| | |
|----------|--|
| Criteria | AU Section 325 of the Professional Standards issued by the Auditing Standards Board states that internal controls should be designed to provide reasonable assurance that the entity's objectives regarding financial reporting are being met. One of the objectives is accuracy of reported payroll liabilities and related expenses. Adopted policies and procedures to reconcile amounts with billings of amounts withheld and following up with related vendors helps accomplish this objective. |
|----------|--|

Washington Parish Clerk of Court
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

| | |
|------------------------|---|
| Condition | The Washington Parish Clerk of Court remitted insurance for employees when there were no withholdings, and improper salaries were submitted for employees creating an underpayment of retirement contributions. |
| Cause | No one is reconciling payroll liabilities or reviewing related benefit invoices. |
| Effect | Benefits are not being paid correctly, thus creating due from/to accounts from benefit agencies and employees. |
| Recommendation | The outside accountant should reconcile payroll liabilities on a monthly basis, and management should review benefit invoices to ensure no benefits are paid without the proper withholdings. |
| Corrective Action Plan | The outside accountant will reconcile the payroll liabilities and the Chief Deputy Clerk will be reviewing the benefit invoices in greater detail. |

Washington Parish Clerk of Court
 Summary of Prior Year Audit Findings
 For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

| | | |
|---|-------------------|------------------|
| Type of Auditor's Report Issued | | Unmodified |
| *Material Weakness Identified | <u> X </u> Yes | <u> </u> No |
| *Significant Deficiency identified that are not considered material weaknesses? | <u> X </u> Yes | <u> </u> No |
| *Noncompliance material to financial statements noted? | <u> </u> Yes | <u> X </u> No |

Section II - Findings Affecting the Financial Statements

Compliance

2018-1

Noncompliance with R.S. 13:842- Repeat Finding

| | |
|------------------------|--|
| Criteria | State Law R.S. 13:842 requires that each suit's unused balance in the Clerk's Advance Deposit Fund be refunded to the person who made the original deposit after five years of inactivity. |
| Condition | The Clerk of Court has suits that are five years or greater in their system. |
| Cause | The Clerk of Court lacks the personnel to research suits that have been dormant for five years or more on a consistent basis. |
| Effect | The Clerk is not in compliance with state law. |
| Recommendation | The Clerk of Court should research all inactive suits of five years or greater and refund these deposits to the individual who made the original deposit. |
| Corrective Action Plan | Shortly after the end of the fiscal year June 30, 2018, an employee began researching inactive suits and refunds are being issued as needed. |

STATUS

PARTIALLY RESOLVED

2018-2

Noncompliance with R.S. 9:151 et seq.- Repeat Finding

| | |
|-----------|---|
| Criteria | The Unclaimed Property law R.S. 9:151 et seq. requires that if the Clerk is unable to locate the person who made the original deposit in the Advance Deposit fund five or more years ago, then they must remit those funds to the state treasury. |
| Condition | Since the Clerk's office is not actively researching dormant suits of five years or more, they can not determine which funds should be sent to the state treasury. |
| Cause | The Clerk of Court lacks the personnel to research suits that have been dormant for five years or more. |

Effect The Clerk is not in compliance with state law.

Recommendation The Clerk of Court should research all inactive suits of five years or greater and if the individual, who made the original deposit, cannot be located, then these funds should be remitted to the state treasury.

Corrective Action Plan Shortly after the end of the fiscal year June 30, 2018, an employee began researching inactive suits and the original depositors are being located.

STATUS PARTIALLY RESOLVED

2018-3 Violation of Article VII Section 14 of the Louisiana Constitution

Criteria Article VII Section 14 of the Louisiana State Constituion prohibits the donation or loan of public funds.

Condition The Clerk's office uses the company credit card to pay for the employees' spouses' travel fees and conference costs, which is reimbursed at a much later date.

Cause The Washington Parish Clerk of Court pays all the costs of those attending conferences with one payment method for convenience and rate discounts.

Effect The Clerk has violated Article VII Section 14 of the Louisiana Constitution.

Recommendation The Clerk should have all spouses pay for their travel fees and conference costs separately.

Corrective Action Plan Although these costs are being reimbursed to the Clerk's office, spouse travel fees will be paid separately going forward.

STATUS RESOLVED

Internal Control Matters

2018-4 Preparation of GAAP Financial Statements- Repeat Finding

Criteria Management is responsible for the preparation and presentation of financial statements according to Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board. LRS 24:514 requires the reports of governmental agencies to be prepared in accordance with GAAP.

Condition The Washington Parish Clerk of Court does not prepare GAAP financial statements.

Cause The Clerk of Court lacks the appropriate personnel to prepare these financial statements.

Effect The Clerk of Court relies on its auditors to assist in the preparation of the GAAP financial statements and related disclosures.

Recommendation The Washington Parish Clerk of Court should prepare the financial statements in accordance with GAAP.

Corrective Action Plan The Clerk has evaluated the costs vs. benefits of establishing internal controls over the preparation of financial statements in accordance with GAAP. We have determined that it is in the best interest of the government to outsource this task to its independent auditors and then review the draft financial statements prior to approving them and accepting responsibility for their contents and presentation.

STATUS RESOLVED

2018-5 Inadequate Segregation of Duties- Repeat Finding

Criteria The elements of good internal controls require that there be adequate separation of duties so that the same employee does not handle certain multiple functions.

Condition Due to the small size of the entity and the lack of separation of duties for employees, many elements of good internal controls cannot be implemented to ensure the protection of the entity's assets.

Cause The Washington Parish Clerk of Court is a small entity that lacks the appropriate number of employees to accomplish proper segregation of duties.

Effect Inadequate system of internal controls

Recommendation Management of the Washington Parish Clerk of Court should provide the necessary oversight to ensure that there is appropriate segregation of duties.

Corrective Action Plan The Clerk has determined it would not be cost beneficial to hire additional personnel needed to achieve an adequate segregation of duties. However, an effort will be made to spread out some duties that overlap so that better segregation is achieved.

STATUS PARTIALLY RESOLVED

ROBERT A. NEILSON
CERTIFIED PUBLIC ACCOUNTANT, L.L.C.

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

To the Honorable Johnny D. Crain Jr. of the Washington Parish Clerk of Court and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Washington Parish Clerk of Court (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exceptions: The Clerk of Court did not have verification in any files that indicated employees read the entity's ethics policy. They also did not have a disaster recovery/business continuity policy in any office manual.

Management's Response: *The Clerk's office is working on a disaster recovery/business continuity and it will be included in the policies and procedures manual. Also, the Clerk has each employee sign a sheet verifying that they read the policies and procedures manual, which includes the ethics policy.*

Board (or Finance Committee, if applicable)

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

The Washington Parish Clerk of Court does not have a board of directors or similar body; therefore, the procedures listed above were not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations are prepared monthly by the outside accountant.

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

Exception: *There is no evidence that the bank reconciliations have been reviewed by a member of management.*

Management's Response: *The Chief Deputy Clerk reviews the bank reconciliations performed by the outside accountant, but going forward, will acknowledge the review by initialing the document.*

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

Exception: *In the Advance Deposit Fund, checks older than 12 months are not being researched and reconciled, violating state laws.*

Management's Response: *There is an employee designated to research old cases and issue refunds. However, this is not her only duty as an employee with the Clerk's office, and the Clerk does not have the funds to hire additional personnel to perform tasks related specifically to Advance Deposit.*

Collections

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

The Washington Parish Clerk of Court only has one deposit site.

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

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

No cash drawers are shared at each collection location.

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

The employee who prepares the bank deposit slip does not collect cash.

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

Employees who collect cash and post to the subsidiary ledger do not reconcile the ledger to deposit slip.

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

The employee responsible for reconciling cash collections to ledgers is not responsible for collecting cash.

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

All employees in the area where cash is collected are bonded.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

Exceptions: There are no pre-numbered receipts in one of two collection locations. Also, one out of six deposits were not deposited within one business day.

Management's Response: *If the person responsible for deposits is out of the office, deposits are locked in a cabinet drawer until they return to work. However, if that person will be out of the office multiple days in a row, arrangements are made for another employee to make daily deposits.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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

There are two locations for processing payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

There are proper segregation of duties for the procedures described above.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Exception: *One of five disbursements selected did not have proper approval.*

Management's Response: *It is the standard policy of the Clerk of Court to approve all invoices. The one exception to the approval of an invoice must have been overlooked by the Clerk.*

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

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

A list of active credit cards was obtained and confirmed by management.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were proper approvals and documentation and no late or finance charges on the selected monthly statement.

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

All selected transactions were supported by proper documentation.

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

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

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

The Clerk's policies related to travel and expense reimbursements were obtained and don't exceed those established by the State.

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

Proper documentation was obtained.

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

Reimbursements are properly documented.

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

Reimbursements were approved by proper authorities.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

All contracts in effect during the year were obtained.

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

None of the contracts were subject to the Louisiana Bid Law.

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

The Clerk of Court does not have a board; therefore is not subject to this procedure.

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

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

Supporting documentation for each payment was obtained and was in agreement to the contract terms.

Payroll and Personnel

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

Exception: Per the employment handbook, overtime pay must be approved by the Clerk of Court. No such evidence of approval was noted.

Management's Response: *In most cases, overtime pay is worked by minute clerks who work in Court hearings. It is not feasible for an employee to leave court and obtain approval to work past 4:30 closing time. However, going forward, greater effort will be made to ensure time is approved when the time sheets are turned in for payroll purposes.*

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

Exceptions: Three out of five employees did not have either their leave or attendance records approved and one out of five employees approved her own leave and attendance records.

Management's Response: *It is the policy of the Clerk of Court's office for the Clerk himself to approve all leave requests, and supervisors to approve attendance and leave.*

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

No employees left employment during the fiscal year.

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

No exceptions noted.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception: There was no documentation in the employee files that indicate the entity's ethics policy was read.

Management's Response: *The Clerk of Court has each employee sign a sheet verifying that they read the policies and procedures manual, which includes the ethics policy.*

Other

21. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

There were no reports of misappropriation of funds.

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Clerk has the required notices posted on its premises and website.

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

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

A handwritten signature in cursive script, appearing to read "Robert A. Neilson".

Robert A. Neilson, CPA, LLC

Bogalusa, Louisiana
December 27, 2019