

BEAUREGARD PARISH CLERK OF COURT, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our 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 Beauregard Parish Clerk of Court, Louisiana as of June 30, 2017, 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, budgetary comparison information, other postemployment benefits (OPEB) funding schedule, schedule of the clerk's proportionate share of the net pension liability and schedule of the clerk's pension contributions on pages 29 through 32 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2017, on our consideration of the Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
October 18, 2017

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2017

	Governmental Activities
ASSETS	
Cash	\$ 933,180
Accounts receivable	27,032
Due from advance deposit fund	4,571
Capital assets, net	18,937
Total assets	\$ 983,720
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid insurance	\$ 20,114
Pension contributions	448,983
Total deferred outflows of resources	\$ 469,097
Total assets and deferred outflows of resources	\$ 1,452,817
LIABILITIES	
Accounts payable	\$ 10,945
Payroll withholdings payable	18
Long term liabilities:	
Due within one year	360,573
Due in more than one year	2,261,510
Total liabilities	\$ 2,633,046
DEFERRED INFLOWS OF RESOURCES	
Pension contributions	\$ 40,224
Total liabilities and deferred inflows of resources	\$ 2,673,270
NET POSITION	
Net investment in capital assets	\$ 18,937
Unrestricted	(1,239,390)
Total net position	\$ (1,220,453)
Total liabilities, deferred inflows of resources and net position	\$ 1,452,817

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Fees, Charges and Commissions for Services</u>	<u>Operating Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
				<u>Governmental Activities</u>
Program Activities				
Governmental activities:				
Judiciary	<u>\$ 1,484,915</u>	<u>\$ 1,360,155</u>	<u>\$ 17,013</u>	<u>\$ (107,747)</u>
General revenues:				
Investment earnings				\$ 3,407
Nonemployer pension revenue				<u>67,007</u>
Total general revenues				<u>\$ 70,414</u>
Change in net position				\$ (37,333)
Net position at beginning of year				<u>(1,183,120)</u>
Net position at end of year				<u>\$ (1,220,453)</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2017

ASSETS	<u>General Fund</u>
Assets:	
Cash	\$ 933,180
Accounts receivable	27,032
Due from advance deposit fund	4,571
Total assets	<u>\$ 964,783</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows:	
Prepaid insurance	<u>\$ 20,114</u>
Total assets and deferred outflows of resources	<u>\$ 984,897</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 10,945
Payroll withholdings payable	18
Total liabilities	<u>\$ 10,963</u>
Fund Balances:	
Unassigned	\$ 953,820
Nonspendable	
Not in spendable form	20,114
Total fund balances	<u>\$ 973,934</u>
Total liabilities and fund balances	<u>\$ 984,897</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2017

Total fund balance - total governmental funds	\$	973,934
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 funds balance sheets		18,937
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows		448,983
Pension related changes in net pension liability that are only reported in the Statement of Net Position as deferred inflows		(40,224)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Other postemployment benefits	\$	(1,440,325)
Net pension liability		(1,181,758)
		<u>(2,622,083)</u>
Net position of governmental activities	\$	<u>(1,220,453)</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	<u>General Fund</u>
Revenues	
Recordings	\$ 449,323
Cancellations	16,063
Mortgage certificates	6,349
Marriage licenses	6,820
Notary fees	4,402
Election fees	11,984
Fees on suits and successions	481,886
Court attendance	6,260
Certified copies	139,398
Criminal court and traffic court fees	76,562
Qualifying fees	50
UCC certificates and filing	82,912
Investment income	3,407
Clerk's supplemental pay	22,750
Clerk's remote access fees	16,116
Child support fees	25,056
Portal fees	14,224
	<u>1,363,562</u>
Total revenues	<u>\$ 1,363,562</u>
Expenditures	
Judiciary:	
Personal services	\$ 678,943
Personal service related benefits	464,947
Travel and professional development	3,571
Operating services	98,009
Supplies	98,597
	<u>98,597</u>
Total expenditures	<u>\$ 1,344,067</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 19,495</u>
Other financing sources	
Grant revenue	<u>\$ 17,013</u>
Net change in fund balance	\$ 36,508
Fund balances at beginning of year	<u>937,426</u>
Fund balances at end of year	<u><u>\$ 973,934</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	36,508
Amounts reported for governmental activities in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(11,364)
Governmental funds do not report net change in other postemployment benefits (OPEB) obligations. However this obligation does appear in the Statement of Activities since the payable is reported on the Statement of Net Position.		(55,398)
Pension expense is based on employer contributions in the government funds, but is an actuarially calculated expense on the Statement of Activities.		<u>(7,079)</u>
Change in net position of governmental activities	\$	<u><u>(37,333)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position
June 30, 2017

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 706,015	\$ 531,785	\$ 1,237,800
Accounts receivable	5,176	-	5,176
Due from general fund	485	-	485
Total assets	<u>\$ 711,676</u>	<u>\$ 531,785</u>	<u>\$ 1,243,461</u>
LIABILITIES			
Liabilities:			
Due to general fund	\$ 5,056	\$ -	\$ 5,056
Held for others pending court action	706,620	531,785	1,238,405
Total liabilities	<u>\$ 711,676</u>	<u>\$ 531,785</u>	<u>\$ 1,243,461</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2017

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and successions	\$ 758,409	\$ 75,684	\$ 834,093
Child support	26,059	-	26,059
Interest income	88	1,041	1,129
Total additions	<u>\$ 784,556</u>	<u>\$ 76,725</u>	<u>\$ 861,281</u>
DEDUCTIONS:			
Clerk's cost (paid to general fund)	\$ 510,352	\$ -	\$ 510,352
Settlements to litigants	225,792	1,556,265	1,782,057
Sheriff's fees	91,620	-	91,620
Attorneys, curators, notary	7,379	-	7,379
Judges' supplement fund	28,442	-	28,442
Secretary of State fees	3,575	-	3,575
Other fees	1,410	20	1,430
Judicial expense	17,480	-	17,480
Court reporter	675	-	675
Commissioner of Insurance	355	-	355
Louisiana Judicial College	574	-	574
Witness fees	39	-	39
Total deductions	<u>\$ 887,693</u>	<u>\$ 1,556,285</u>	<u>\$ 2,443,978</u>
Change in liabilities	\$ (103,137)	\$ (1,479,560)	\$ (1,582,697)
Liabilities at beginning of year	<u>814,813</u>	<u>2,011,345</u>	<u>2,826,158</u>
Liabilities at end of year	<u>\$ 711,676</u>	<u>\$ 531,785</u>	<u>\$ 1,243,461</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

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 Beauregard Parish Clerk of Court, Louisiana 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; however, the Clerk of Court is fiscally dependent on the Beauregard Parish Policy Jury. The police jury maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture of the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the police jury, the Clerk of Court was determined to be a component unit of the Beauregard Parish Police Jury, the financial reporting entity.

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

C. Fund Accounting

The Clerk uses funds to maintain his financial records during the year. Fund accounting is designated 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.

Governmental Funds

Governmental funds account for all or 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 are 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:

General Fund – the primary operating fund of the Clerk and it accounts for all financial resources, except for those in another fund. 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 funds reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for assets held by the Clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund 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

Revenues are recognized when they become measurable and available as net current assets. Advance deposits and Registry of Court funds are considered measurable when collected by the Clerk of Court.

Expenditures

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

The Clerk of Court has not established a policy for use of the unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Program Revenues – Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from Clerk users as a fee for services; program revenues reduce the cost of the function to be financed from the Clerk's general fund.

When both restricted and unrestricted resources are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets

The Clerk uses the following budget practices:

The Clerk’s proposed budget for the 2016-2017 fiscal year was made available for public inspection at the Clerk’s office on or before June 15, 2016. The proposed budget was prepared on the modified accrual basis of accounting and was published in the official journal before the public hearing. The budget hearing was held at the Clerk’s office on or before June 15, 2016. The budget was legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Formal budget integration is not employed as a management control device.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2017.

Fund	Original Budget	Final Budget	Actual	Unfavorable Variance
General Fund	\$ 1,284,614	\$ 1,343,200	\$ 1,344,067	\$ 867

F. Cash and Cash Equivalents

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

Under state law, the Clerk of Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. Prepaid Items

Prepaid items consist of insurance premiums paid in advance for terms extending into the subsequent year.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years

J. Vacation, Sick Leave and Holidays

After employed for a period of six months, employees will be entitled to one-week vacation with pay; after twelve months, two weeks with pay.

Sick leave policy depends upon the circumstances involved. If sick, employees will be paid for a reasonable period of absence.

Legal holidays are established by law. At the present time the Clerk has a total of approximately sixteen holidays observed by his office.

As of June 30, 2017 no vacation or sick leave had been accumulated or was vested by employees.

K. Fund Equity

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

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Clerk of Court, which are either unusual in nature or infrequent in occurrence.

M. Estimates

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

N. Fund Balance

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. As for the Beauregard Parish Clerk of Court, Louisiana, the nonspendable fund balance consist of prepaid amounts of insurance premiums.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund and additions to/deductions from the Louisiana Clerks' of Court Retirement and Relief Fund's fiduciary net position have been determined on the same basis as they are reported by the Louisiana Clerks' of Court Retirement and Relief Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Financial reporting information pertaining to the Clerk's participation in the Louisiana Clerks' of Court Retirement and Relief Fund is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the Clerk for the fiscal year ended June 30, 2017.

2. CASH AND CASH EQUIVALENTS

At June 30, 2017, the Clerk of Court has cash and cash equivalents (book balances) totaling \$1,639,195 as follows:

Money market accounts	\$ 171,582
Interest bearing demand deposits	470,022
Time deposits	438,779
Demand deposits	558,612
Petty cash	200
Total	<u>\$ 1,639,195</u>

The cash and cash equivalents of the Beauregard Parish Clerk of Court, Louisiana are subject to the following risk:

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

At June 30, 2017, the Clerk of Court has \$1,774,469 in deposits (collected bank balances). These deposits are secured from risk by \$945,760 of federal deposit insurance and \$828,709 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the Clerk and deposits are therefore properly collateralized.

3. RECEIVABLES

The receivables of \$32,208 at June 30, 2017, are as follows:

Class of receivable	General Fund	Advance Deposit Fund	Total
Recordings	\$ 8,121	\$ -	\$ 8,121
Cancellations	1,677	-	1,677
Mortgage certificates	7,800	-	7,800
Criminal court fees	1,742	-	1,742
Traffic court fees	4,965	-	4,965
Certified copies	1,137	-	1,137
UCC certificates	835	-	835
Child support enforcement fees	-	5,176	5,176
Marginal notations	160	-	160
Court attendance	500	-	500
Clerk's portal fees	95	-	95
Total	<u>\$ 27,032</u>	<u>\$ 5,176</u>	<u>\$ 32,208</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, for the Clerk of Court is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets being depreciated				
Furniture and fixtures	\$ 51,030	\$ -	\$ -	\$ 51,030
Machinery and equipment	498,177	-	-	498,177
Total capital assets being depreciated	<u>\$ 549,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 549,207</u>
Less accumulated depreciation for:				
Furniture and fixtures	\$ 51,030	\$ -	\$ -	\$ 51,030
Machinery and equipment	467,876	11,364	-	479,240
Total accumulated depreciation	<u>\$ 518,906</u>	<u>\$ 11,364</u>	<u>\$ -</u>	<u>\$ 530,270</u>
Total capital assets being depreciated, net	<u>\$ 30,301</u>	<u>\$ (11,364)</u>	<u>\$ -</u>	<u>\$ 18,937</u>

Depreciation expense of \$11,364 for the year ended June 30, 2016, was charged to the following governmental functions:

Judiciary	<u>\$ 11,364</u>
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5. ACCOUNTS PAYABLE

The payables of \$10,963 at June 30, 2017, are as follows:

	<u>General Fund</u>
Accounts payable	\$ 10,945
Payroll taxes	18
Total	<u>\$ 10,963</u>

6. PREPAID EXPENSES

The prepaid expenses of \$20,114 at June 30, 2017 are as follows:

	<u>General Fund</u>
Prepaid health insurance	<u>\$ 20,114</u>

7. PENSION PLANS

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

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual, publicly available, financial report that includes financial statements and required supplementary information for the System. This report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 111745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Funding Policy- Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Beauregard Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 19.00 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Beauregard Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 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 Beauregard Parish Clerk of Court’s contributions to the System for the years ending June 30, 2017, 2016, and 2015, were \$113,134, \$110,781, and \$107,517, respectively, equal to the required contributions for each year.

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

At June 30, 2017, the Clerk reported a liability of \$1,181,758 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk'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 clerks, actuarially determined. At June 30, 2016 the Clerk's proportion was .638797%, which was an increase of .013309% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized pension expense of \$120,213. At June 30, 2017, the Clerk recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,060	\$ 40,224
Changes of assumptions	72,782	-
Net difference between projected and actual earnings on pension plan investments	203,892	-
Changes in proportion and differences between Clerk contributions and proportionate share of contributions	47,115	-
Clerk contributions subsequent to the measurement date	113,134	-
Total	\$ 448,983	\$ 40,224

The \$113,134 reported as deferred outflows of resources 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, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2017	\$ 68,353
2018	68,353
2019	98,511
2020	60,408
2021	-
Thereafter	-
Total	\$ 295,625

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

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

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

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

The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. The 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 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.

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

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

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

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

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00%, or one percentage point higher 8.00% than the current rate as of June 30, 2016:

	Changes in Discount Rate:		
	1%	Current	1%
	Decrease 6.00%	Discount Rate 7.00%	Increase 8.00%
Net Pension Liability	\$ 1,681,620	\$ 1,181,758	\$ 757,476

State of Louisiana, Public Employees Deferred Compensation Plan

The Clerk of Court offers membership in the State of Louisiana, Public Employees Deferred Compensation Plan, a qualified retirement plan under section 457 of the Internal Revenue Code administered by Great West Life and Annuity Insurance Company.

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal and state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, \$20 per month, and contribute up to 100% of taxable compensation, not to exceed \$18,000 and \$18,000 per calendar years for 2016 and 2017 respectively. Additionally if age 50 or older an additional amount may be deferred (up to \$6,000 and \$6,000 per calendar years 2016 and 2017 respectively) above the annual deferral limit.

Notes to the Financial Statements (Continued)

A special “catch up” provision may be used to invest up to \$15,000 per year for three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease or stop deferrals any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investment options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The administrative fee is .85% and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the option chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

- Periodic payment
- Payments over your lifetime
- Payments for a specific time or amount
- Joint and survivor benefits
- Lump-sum payment
- Any combination of the above options

The Plan is administered by Great-West Life and Annuity Insurance Company; 2237 South Acadian Thruway Suite 702; Baton Rouge, LA 70808; (800) 937-7604 or (225) 926-8086.

8. EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH POLICE JURY

Certain operating expenditures of the Clerk’s office are paid by the parish police jury and are not included in the accompanying financial statements.

9. INTERFUND RECEIVABLES/PAYABLES

The following due to/from balances exists due to payments made out of one fund that relate to the other fund. The balance in each respective due to/from account is not expected to be paid within the current year.

	Due to	Due from
General Fund	\$ -	\$ 4,571
Advance Deposit Fund	4,571	-
Total	<u>\$ 4,571</u>	<u>\$ 4,571</u>

10. POST-EMPLOYMENT BENEFITS

Plan Description – The Beauregard Parish Clerk of Court’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement

Employees are covered by the Louisiana Clerks’ of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of age 55 and completion of 12 years of service (age 60 for employees hired on and after January 1, 2011). See section below entitled “Expected Time of Commencement of Benefits” for the assumption used.

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

Life insurance coverage is continued to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70. Since GASB Codification Section P50 requires the use of “unblended” rates, we have used the 94GAR mortality table described below to “unblend” the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates – Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy – Until 2014, the Beauregard Parish Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (the Beauregard Parish Clerk of Court’s portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the Beauregard Parish Clerk of Court’s portion of health care and life insurance funding cost for retired employees totaled \$24,655 and \$22,829 respectively.

Effective July 1, 2014, the Beauregard Parish Clerk of Court implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The Beauregard Parish Clerk of Court’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 70,827	\$ 68,103
30-year UAL amortization amount	80,090	77,009
Annual required contribution (ARC)	<u>\$ 150,917</u>	<u>\$ 145,112</u>

Net Post-Employment Benefit Obligation (Asset) – The table below shows the Beauregard Parish Clerk of Court’s Net Other Post-Employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	2017	2016
Beginning Net OPEB Obligation	\$ 238,565	\$ 118,393
Annual required contribution	150,917	145,112
Interest on Net OPEB Obligation	9,542	4,736
ARC Adjustment	(13,796)	(6,847)
OPEB Cost	<u>146,663</u>	<u>143,001</u>
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(24,655)</u>	<u>(22,829)</u>
Change in Net OPEB Obligation	<u>122,008</u>	<u>120,172</u>
Ending Net OPEB Obligation	<u>\$ 360,573</u>	<u>\$ 238,565</u>

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Continued)

The following table shows the Beauregard Parish Clerk of Court's annual post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post-employment benefits (OPEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2017	\$ 146,663	16.81%	\$ 360,573
June 30, 2016	\$ 143,001	15.96%	\$ 238,565

Funded Status and Funding Progress – In 2017 and 2016, the Beauregard Parish Clerk of Court made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$1,440,325 which is defined as that portion, as determined by a particular actuarial cost method (the Beauregard Parish Clerk of Court uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

	2017	2016
Actuarial Accrued Liability (AAL)	\$ 1,440,325	\$ 1,384,928
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	<u>\$ 1,440,325</u>	<u>\$ 1,384,928</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 595,440	\$ 629,361
UAAL as a percentage of covered payroll	241.89%	220.05%

Actuarial Methods and Assumptions – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Beauregard Parish Clerk of Court and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Beauregard Parish Clerk of Court and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Beauregard Parish Clerk of Court and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Notes to the Financial Statements (Continued)

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7.5%. It has also been assumed that 5% of retirees decline medical coverage upon retirement.

Post-Employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence three years after retirees have attained age 55 (age 60 for those hired on and after January 1, 2011) and completed 25 years of service, or, if earlier, attained age 60 and completed 12 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only, but based on the blended rates. The medical rates provided are "blended" rates for active and retired but GASB Codification Section P50 requires the use of unblended rates. We have therefore estimated the "unblended" rates prior to Medicare eligibility as required by GASB Codification Section P50 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. The unblended rates provided were used after Medicare eligibility.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-Retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Beauregard Parish Clerk of Court, Louisiana

Notes to the Financial Statements (Concluded)

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	OPEB Costs and Contributions		
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 139,531	\$ 143,001	\$ 146,663
Contribution	-	-	-
Retiree premium	21,138	22,829	24,655
Total contribution and premium	\$ 21,138	\$ 22,829	\$ 24,655
Change in net OPEB obligation	\$ 118,393	\$ 120,172	\$ 122,008
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	15.15%	15.96%	16.81%

11. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2017.

	General Fund		
	Other Postemployment Benefits	Pension Liability	Total
Long-term obligations at beginning of year	\$ 1,384,928	\$ 938,252	\$ 2,323,180
Additions	80,052	356,640	436,692
Reductions	(24,655)	(113,134)	(137,789)
Long-term obligations at end of year	\$ 1,440,325	\$ 1,181,758	\$ 2,622,083

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2017:

	General Fund		
	Other Postemployment Benefits	Pension Liability	Total
Current portion	\$ 360,573	\$ -	\$ 360,573
Long-term portion	1,079,752	1,181,758	2,261,510
Total	\$ 1,440,325	\$ 1,181,758	\$ 2,622,083

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Recordings	\$ 410,000	\$ 450,000	\$ 449,323	\$ (677)
Cancellations	15,000	16,000	16,063	63
Mortgage certificates	2,000	6,000	6,349	349
Marriage licenses	8,400	6,000	6,820	820
Notary fees	6,262	4,000	4,402	402
Election fees	10,000	12,000	11,984	(16)
Fees on suits and successions	490,000	480,000	481,886	1,886
Court attendance	8,994	6,000	6,260	260
Certified copies	135,000	140,000	139,398	(602)
Criminal court and traffic court fees	85,440	76,000	76,562	562
Qualifying fees	7,430	-	50	50
UCC certificates and filings	80,000	80,000	82,912	2,912
Investment income	4,000	3,000	3,407	407
Clerks supplemental pay	21,850	22,750	22,750	-
Clerks' remote access fees	15,000	16,000	16,116	116
Bail bond forfeitures	1,000	-	-	-
Child support fees	-	25,000	25,056	56
Portal fees	14,000	14,000	14,224	224
Medicare reimbursement for employees	2,000	-	-	-
Total revenues	\$ 1,316,376	\$ 1,356,750	\$ 1,363,562	\$ 6,812
Expenditures				
Judiciary:				
Personal services	\$ 645,208	\$ 678,400	\$ 678,943	\$ (543)
Personal service related benefits	463,932	465,500	464,947	553
Travel and professional development	1,725	4,000	3,571	429
Operating services	76,899	95,300	98,009	(2,709)
Supplies	96,850	100,000	98,597	1,403
Total expenditures	\$ 1,284,614	\$ 1,343,200	\$ 1,344,067	\$ (867)
Excess (deficiency) of revenues over expenditures	\$ 31,762	\$ 13,550	\$ 19,495	\$ 5,945
Other financing sources				
Transfers in	\$ 22,914	\$ -	\$ -	\$ -
Grant revenue	-	17,000	17,013	13
Total other financing sources	\$ 22,914	\$ 17,000	\$ 17,013	\$ 13
Net change in fund balance	\$ 54,676	\$ 30,550	\$ 36,508	\$ 5,958
Fund balances at beginning of year	910,000	937,426	937,426	-
Fund balances at end of year	\$ 964,676	\$ 967,976	\$ 973,934	\$ 5,958

Other Postemployment Benefits (OPEB)
Funding Schedule
For the Year Ended June 30, 2017

The funded status of the plan as of June 30, 2017 was as follows:

Schedule of Funding Progress (4.0% discount rate)

Actuarial Valuation Date	Actuarial Value of Assets	Discount Rate	Actuarial Accrued Liabilities (AAL) (1)	Unfunded Actuarial Accrued Liabilities (UAAL) (2)	Funded Ratio
July 1, 2014	-	4.00%	\$ 1,331,662	\$ 1,331,662	0.00%
July 1, 2015	-	4.00%	\$ 1,348,928	\$ 1,348,928	0.00%
July 1, 2016	-	4.00%	\$ 1,440,325	\$ 1,440,325	0.00%

(1) Actuarial Accrued Liability determined under the projected unit credit cost method.

(2) Actuarial Accrued Liability less Actuarial Value of Assets.

Schedule of the Clerk's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2017

Louisiana Clerk's of Court Retirement and Relief Fund	June 30, 2015	June 30, 2016	June 30, 2017
Clerk's proportion of the net pension liability (asset)	.603261%	.625488%	.638797%
Clerk's proportionate share of the net pension liability (asset)	\$ 813,716	\$ 938,252	\$ 1,181,758
Clerk's covered-employee payroll	\$ 565,879	\$ 583,059	\$ 595,445
Clerk's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	143.80%	160.92%	198.47%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	78.13%	74.17%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Clerk's Pension Contributions
For the Year Ended June 30, 2017

Louisiana Clerk's of Court Retirement and Relief Fund	June 30, 2015	June 30, 2016	June 30, 2017
Contractually required contribution	\$ 107,517	\$ 110,781	\$ 113,134
Contributions in relation to the contractually required contribution	<u>107,517</u>	<u>110,781</u>	<u>113,134</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Clerk's covered-payroll	\$ 565,879	\$ 583,059	\$ 595,445
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	19.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Compensation, Benefits and
Other Payments to Agency Head
Year Ended June 30, 2017

Agency Head Name - Brian Lestage, Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 111,376
Clerk supplemental compensation	22,800
Expense allowance	12,073
Benefits - insurance	18,566
Benefits - retirement	12,066
Deferred compensation	11,250
Benefits - other	-
Car allowance	18,000
Vehicle provided by government	-
Cell phone	1,344
Dues	-
Vehicle rental	-
Per diem (Education for certification requirements)	415
Reimbursements	-
Travel	-
Registration fees (Education for certification requirement)	1,225
Conference travel (Education for certification requirement)	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (Custodian fee)	2,100

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended June 30, 2017

There were no prior year audit findings as of June 30, 2016.

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2017

There were no current year audit findings as of June 30, 2017.

Windham & Reed, L.L.C.

Certified Public Accountants

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John A. Windham, CPA
Charles M. Reed, Jr., CPA

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

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements, and have issued our report thereon dated October 18, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature of J. M. Windham, CPA in black ink.

DeRidder, Louisiana
October 18, 2017

Windham & Reed, L.L.C.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Brian S. Lestage
Beauregard Parish Clerk of Court, Louisiana
DeRidder, Louisiana

We have performed the procedures enumerated below, which were agreed to by Beauregard Parish Clerk of Court, Louisiana (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, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain 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
Written policies and procedures were obtained and address the functions above.
 - 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.
Written policies and procedures were obtained and address the functions above.
 - c) ***Disbursements***, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions above.
 - d) ***Receipts***, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions above.
- 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
Written policies and procedures were obtained and address the functions above.
- 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
Written policies and procedures were obtained and address the functions above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions above.
- 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.
Written policies and procedures were obtained and address the functions above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
There was no written policy for debt service. The Clerk has not incurred any debt during the fiscal year.

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 Clerk of Court does not have a board or finance committee, these procedures are not applicable.

Bank Reconciliations

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

We obtained a complete listing of the Clerk of Court's bank accounts and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Monthly bank statements and bank reconciliations were obtained for selected bank accounts each month of the fiscal year. No exceptions were noted.

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

The bank reconciliations provide evidence of management review.

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

We noted an exception that management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months.

Collections

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

A listing of cash collection locations and management's representation has been obtained. All cash collections take place at the Clerk of Court's office.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for

depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

The individuals responsible for collecting cash are bonded and are not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the bank account. One cash register is used at the location.

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

The Clerk's contracted accountant reconciles cash collections to the ledger and is not involved in the collection process.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions were noted.

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

Daily cash collections were supported by related collection reports and documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

There was no written policy or procedure specifically defined to determine completeness of all collections, including EFTs, for each revenue source by a person not responsible for collections.

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

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

We obtained a listing along with management's representation.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
A purchase order or requisition system is not used. Approval for disbursements is made by the Clerk and payments are processed by the Chief Deputy.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
A purchase order or requisition system is not used. Approval for disbursements is made by the Clerk and payments are processed by the Chief Deputy.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
A purchase order or requisition system is not used. Each examined invoice had proper approval without any exceptions noted.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
The person responsible for processing payments is not prohibited from adding vendors.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
The person with signing authority can also initiate or record purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
Observations and inquiries were made, there were no noted exceptions.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No signature stamp was used.

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

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

A listing of active credit cards along with management's representation was obtained.

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

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

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

Monthly statements were obtained. No exceptions were noted.

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

There was no evidence that finance charges or late fees were assessed.

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

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Obtained documentation of the business purpose. No exceptions were noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

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

No exceptions were noted.

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

No exceptions were noted.

Travel and Expense Reimbursement

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

A listing of all travel and related expense reimbursements along with management's representation was obtained.

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

Obtained the Clerk's written policies related to travel and expense reimbursements, noting amounts to be reimbursed are paid in accordance with the U.S. General Services Administration guidelines.

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

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

No exceptions were noted.

- b) Report whether each expense is supported by:

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

Each expense was supported by an itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Business purposes were documented.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

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

No exceptions were noted.

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

Each travel and related reimbursement payment had proper supporting documentation. Each payment was reviewed and approved by someone other than the person receiving the reimbursement.

Contracts

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

Obtained a listing of all contracts in effect along with management's representation.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal or written contracts were noted for the selected vendors.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Each contract complied with all legal requirements.

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

Not applicable.

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

Not applicable.

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

Invoices and related payments were in compliance with contract terms and conditions.

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

Not applicable.

Payroll and Personnel

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

Obtained a listing of employees with their related salaries along with management's representation.

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

No exceptions were noted.

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

There were no changes made to the selected employees.

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

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

The selected employees documented their daily attendance and leave.

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

No exceptions were noted.

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

No exceptions were noted.

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

Not applicable.

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

No exceptions were noted.

Ethics (excluding nonprofits)

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

Obtained ethics compliance documentation with no exceptions.

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

No exceptions noted during inquiries of management.

Debt Service (excluding nonprofits)

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

Not applicable.

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

Not applicable.

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

Not applicable.

Other

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

No exceptions noted during inquiries of management.

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

The Clerk has posted the required notice on its premises but not on the website.

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

No exceptions were noted.

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

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

Windham & Reed CPA, L.L.C.

DeRidder, Louisiana

October 18, 2017