

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2017**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

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SHREVEPORT, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mike Spence
Caddo Parish Clerk of Court
Shreveport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and each fiduciary fund type of the Caddo Parish Clerk of Court (Clerk of Court), Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements 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 and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 each fiduciary fund type of the Caddo Parish Clerk of Court, as of June 30, 2017, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information Part I

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed as "Required Supplementary Information Part I" in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplemental Information Part II and Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Clerk of Court's basic financial statements. The "Required Supplementary Information Part II", as listed in the table of contents and the accompanying financial information listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The "Required Supplemental Information—Part II" and the accompanying "Other Supplemental Information" are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued our report dated December 31, 2017, on our consideration of the Caddo Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Caddo Parish Clerk of Court's internal control over financial reporting and compliance.

In accordance with the requirements of the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, we have issued a report dated December 31, 2017 on the results of those procedures.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, Louisiana
December 31, 2017

REQUIRED SUPPLEMENTAL INFORMATION- PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Caddo Parish Clerk of Court, Shreveport, Louisiana, (hereafter referred to as the Clerk of Court) we offer the readers of the Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Clerk of Court as of and for the year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the Clerk of Court's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

Total revenues for the year ended June 30, 2017, increased 8.16% (\$636,798).

At June 30, 2017, the total liabilities and deferred inflows of resources of the Clerk of Court exceeded the total assets and deferred outflows of resources with a deficit of (\$8,719,970) (net position) a deficit increase of \$1,266,590 compared to the prior year's ending net position (deficit) of (\$7,453,380).

Net pension liability increased \$1,449,616 (28.99%) from \$4,999,986 at June 30, 2016, to \$6,449,602 at June 30, 2017.

During the fiscal year ended June 30, 2017, the Clerk of Court recognized \$1,050,568 in costs for other postemployment benefits as required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. This is an increase in other postemployment benefits of \$89,007 (9%) compared to \$961,561 expensed during 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Clerk of Court's basic financial statements. The Clerk of Court's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Clerk of Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Clerk of Court's financial position, which assists users in assessing the Clerk of Court's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the Clerk of Court as well as all liabilities. The government-wide financial statements include two statements:

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

- The *statement of activities* presents information showing how the Clerk of Court's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The funds of the Clerk of Court can be divided into two categories; governmental funds and fiduciary funds.

- *Governmental funds.* The services provided by the Clerk of Court are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Clerk of Court's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Clerk of Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Clerk of Court.

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

The Clerk of Court has one governmental fund; the General Fund (*Salary Fund*) which is classified as a major fund.

The governmental fund financial statements can be found immediately following the government-wide financial statements.

- *Fiduciary funds.* Fiduciary funds, which consist solely of agency funds, are used to account for resources held for the benefit of parties outside of the government. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended

purposes. The Clerk of Court's fiduciary activities are reported in a separate statement of fiduciary net position and a schedule of changes in fiduciary unsettled deposits. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the Clerk of Court's own programs. The fiduciary funds use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance of the General Fund as presented in the governmental fund financial statements. Following the required supplementary information is other supplementary information that is provided to show additional details.

Other Supplementary Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfill the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

Net position may serve over time as a useful indicator of the Clerk of Court's financial position. As of June 30, 2017, the Clerk of Court's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by a deficit of \$8,719,970. Comparatively, as of the June 30, 2016, the Clerk of Court's financial statements report that liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,453,380. These deficits in net position were caused primarily by the adoption of GASB 68 and 71 requiring recognition of the Clerk of Court's net pension liability and the increase in other postemployment obligations.

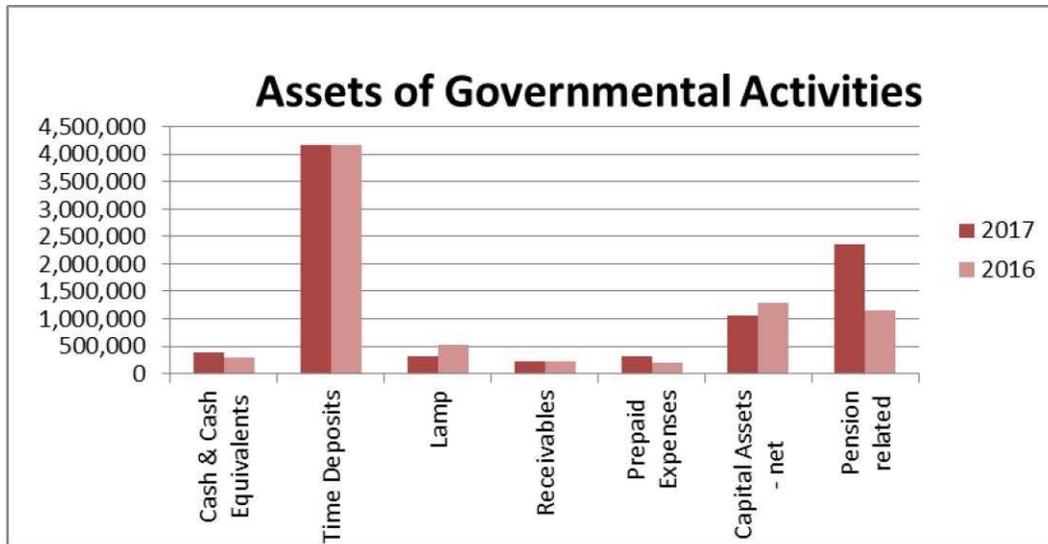
The Clerk of Court continues to maintain a high level of liquidity with \$4,565,364 deposited in demand deposits and certificates of deposit with various financial institutions as of June 30, 2017, compared to \$4,460,278 at the end of the prior year. The Clerk of Court also has deposits with the Louisiana Asset Management Pool, Inc. totaling \$325,000 at June 30, 2017, compared to similar deposits of \$525,430 at June 30, 2016. All certificates of deposit have maturities of one year or less when purchased and deposits with the Louisiana Asset Management Pool, Inc. may be withdrawn at any time without penalty. The Clerk of Court had combined cash, cash equivalents, and investments of \$4,892,164 and \$4,987,308 at June 30, 2017 and 2016, respectively.

At June 30, 2017, \$1,061,600 of the of the Clerk of Court's net position reflects capital assets with a historical cost of \$3,050,331 and accumulated depreciation of \$1,988,731 compared to \$1,280,137 of net position for the prior year with a historical cost of \$3,037,299 and accumulated depreciation of \$1,757,162.

The remaining net position is unrestricted and may be used to meet the Clerk's ongoing obligations to the citizens of Caddo Parish. As of June 30, 2017, the Clerk of Court had a deficit unrestricted net position.

Caddo Parish Clerk of Court's Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 938,332	\$ 702,426
Investments	4,500,000	4,700,000
Capital assets, net of accumulated depreciation	<u>1,061,600</u>	<u>1,280,137</u>
Total assets	<u>6,499,932</u>	<u>6,682,563</u>
Deferred Outflows of Resources:		
Pension related	<u>2,359,995</u>	<u>1,150,179</u>
Total assets and deferred outflows of resources	<u>\$ 8,859,927</u>	<u>\$ 7,832,742</u>
Liabilities:		
Current liabilities	\$ 263,161	243,085
Long-term liabilities outstanding		
Net pension liability	6,449,602	4,999,986
Other postemployment obligations	<u>10,642,727</u>	<u>9,592,159</u>
Total liabilities	<u>17,355,490</u>	<u>14,835,230</u>
Deferred Inflows of Resources		
Pension related	<u>224,407</u>	<u>450,892</u>
Net Position		
Net investment in capital assets	1,061,600	1,280,137
Unrestricted	<u>(9,781,570)</u>	<u>(8,733,517)</u>
Total net position (deficit)	<u>(8,719,970)</u>	<u>(7,453,380)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,859,927</u>	<u>\$ 7,832,742</u>



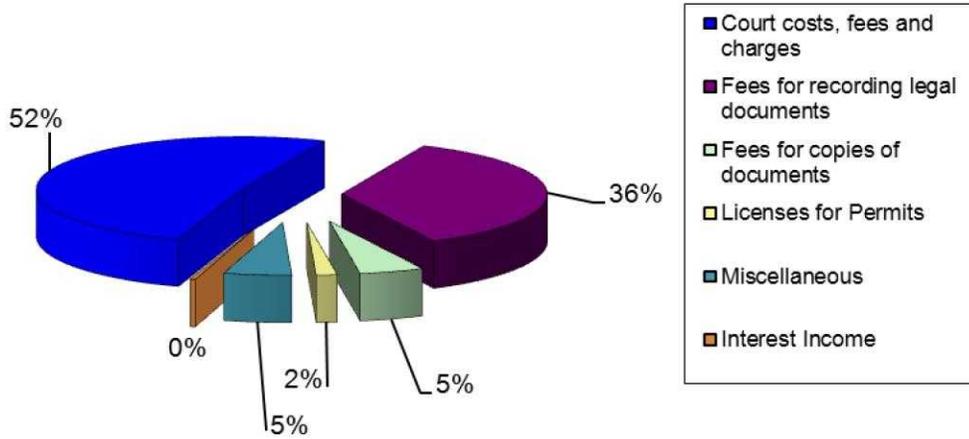
Changes in Net Position

The Clerk of Court's net position decreased by \$1,266,590 or 16.99% during the year ended June 30, 2017, compared to a decrease of \$1,266,342 or 20.47% during the prior year. Approximately 94.60% (\$7,984,632) of the Clerk of Court's total revenues were derived through charges for services and licenses and permits in 2017 compared to 94.29% (\$7,357,424) in 2016. Expenses incurred by the Clerk of Court are primarily for the provision of legal recordings for the citizens of the First Judicial District, Caddo Parish, Louisiana. Approximately 82.6% (\$8,012,607) of the Clerk of Court's expenses are for salaries and related payroll taxes and employee benefits during the year ended June 30, 2017, compared to 82.2% (\$7,443,454) during the prior year. In 2017, governmental activities program expenses exceeded program revenues by \$1,722,903.

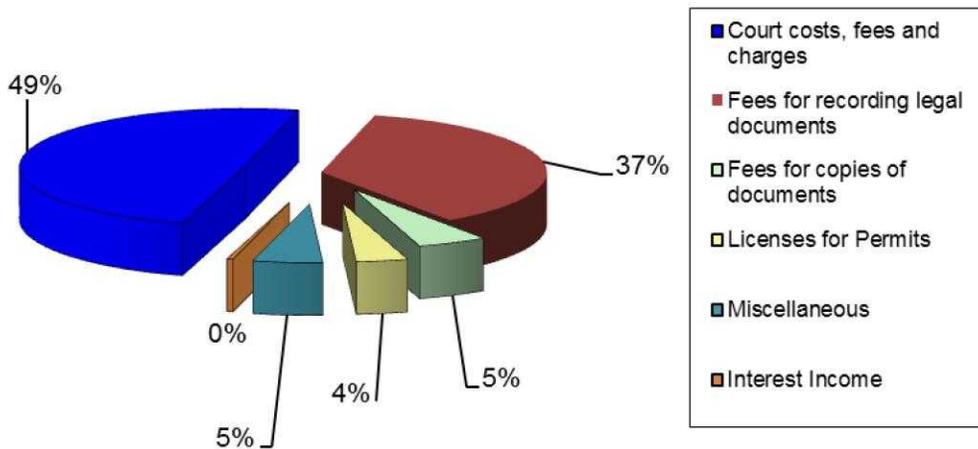
Caddo Parish Clerk of Court's Changes in Net Position Governmental Activities

	2017	2016
Revenues:		
Program revenues:		
Court costs, fees and charges	\$ 4,166,965	\$ 4,022,347
Fees for recording legal documents	3,085,065	2,814,132
Other charges for services	732,602	520,945
General revenues:		
Interest	35,847	31,708
Miscellaneous	419,656	414,205
Total Revenues	<u>8,440,135</u>	<u>7,803,337</u>
Expenses		
Judiciary	<u>9,706,725</u>	<u>9,069,679</u>
Decrease in net position	<u>(1,266,590)</u>	<u>(1,266,342)</u>
Net position, beginning of year	<u>(7,453,380)</u>	<u>(6,187,038)</u>
Net position, end of year	<u>\$ (8,719,970)</u>	<u>\$ (7,453,380)</u>

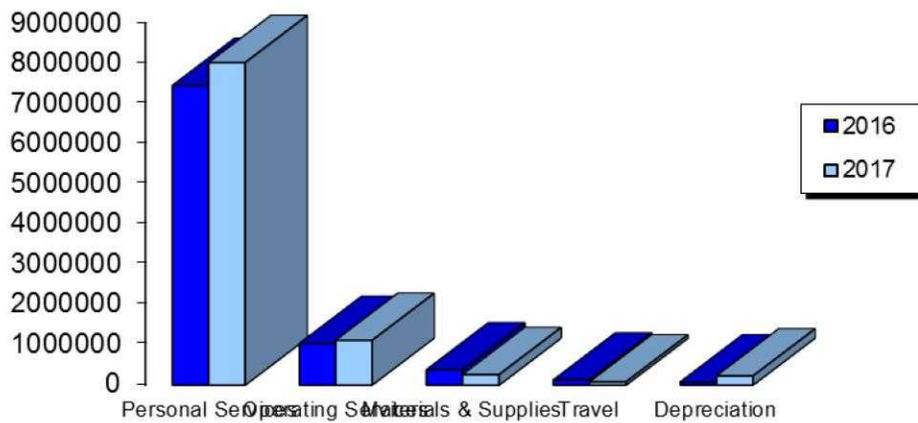
Total 2016 Revenues of Governmental Activities



Total 2017 Revenues of Governmental Activities



Total Expenses of Governmental Activities



FINANCIAL ANALYSIS OF THE CLERK'S INDIVIDUAL FUNDS

As noted earlier, the Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Clerk of Court's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk of Court's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Clerk of Court's net resources available for spending at the end of the year. As of the end of the year, the Clerk of Court's governmental fund (general fund) reported an ending fund balance of \$5,173,788 a decrease of \$20,418 (0.4%) compared to the prior year. A total of \$4,848,926 (94%) of the ending fund balance is unassigned and is available for spending in the coming year while \$324,862 (6%) is non-spendable and represents amounts expended for prepaid items.

The general fund is the operating fund of the Clerk of Court. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned general fund balance as of June 30, 2017, (\$4,848,926) represents 60.2% of the total general fund expenditures (\$8,058,606) for the year ended.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Clerk of Court complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Clerk of Court's budget was amended on June 2, 2017, the amounts actually paid for personal services and related benefits and operating services were more than anticipated in the original budget and to increase revenue.

The actual expenditures were \$500,927 more than the amount originally budgeted and \$232,990 less than the final budgeted amounts.

Revenues available for expenditure were \$133,696 less than the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2017, totaled \$3,050,331, net of accumulated depreciation of \$1,988,731, leaving a book value of \$1,061,600. This investment in capital assets consists of improvements to the office building, office equipment and furniture and fixtures.

Actual costs to construct and purchase capital assets were \$13,032 in 2017 compared to \$602,544 during 2016.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended June 30, 2018, was prepared:

- Revenues are expected to remain consistent with the prior year.
- Other expenditures are expected to remain consistent with the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Caddo Parish Clerk of Court, Shreveport, Louisiana, and seeks to demonstrate the Clerk of Court's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Honorable Mike Spence, Clerk of Court for Caddo Parish, 501 Texas Street, Room 103, Shreveport, Louisiana, 71101-5408, or by calling (318) 226-6775.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Net Position
June 30, 2017**

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 390,364
Investments	4,500,000
Receivables	223,106
Prepaid expenses	324,862
Total current assets	5,438,332
Noncurrent assets:	
Capital assets, net of accumulated depreciation	1,061,600
Total Assets	6,499,932
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	2,359,995
Total Assets and Deferred Outflows of Resources	\$ 8,859,927
LIABILITIES	
Current liabilities:	
Accounts payable	28,194
Payroll deductions payable	8,951
Unearned revenues	118,800
Compensated absences payable	107,216
Total current liabilities	263,161
Noncurrent liabilities:	
Net pension liability	6,449,602
Other postemployment obligations	10,642,727
Total noncurrent liabilities	17,092,329
Total Liabilities	17,355,490
DEFERRED INFLOWS OF RESOURCES	
Pension related	224,407
NET POSITION	
Net investment in capital assets	1,061,600
Unrestricted	(9,781,570)
Total Net Position (deficit)	(8,719,970)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 8,859,927

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Activities
For the Year Ended June 30, 2017**

	<u>Governmental Activities</u>
Expenses:	
Judiciary:	
Personal services and related benefits	\$ 8,012,607
Materials and supplies	264,662
Operating services	1,114,841
Travel and other charges	83,046
Depreciation	231,569
Total Expenses	<u>9,706,725</u>
Program Revenues:	
Charges for services:	
Court costs, fees and charges	4,166,965
Fees for recording legal documents	3,085,065
Fees for copies of documents	421,422
Licenses and permits	311,180
Total charges for services	<u>7,984,632</u>
Total Program Revenues	<u>7,984,632</u>
Net Program Revenues (Expenses)	<u>(1,722,093)</u>
General Revenues:	
Miscellaneous	419,656
Use of money and property - interest income	35,847
Total General Revenues	<u>455,503</u>
Change in Net Position	<u>(1,266,590)</u>
Net Position at Beginning of Year	(7,453,380)
Net Position--(deficit) at End of Year	<u>\$ (8,719,970)</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Balance Sheet – Governmental Fund
June 30, 2017**

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 390,364
Investments	4,500,000
Receivables	221,723
Prepaid expenditures	324,862
Total Assets	<u>\$ 5,436,949</u>
LIABILITIES	
Accounts payable	\$ 28,194
Unearned revenues	118,800
Payroll deductions payable	8,951
Compensated absences payable	107,216
Total liabilities	<u>263,161</u>
FUND BALANCE	
Nonspendable:	
Prepaid items	324,862
Unassigned	4,848,926
Total fund balance	<u>5,173,788</u>
Total Liabilities and Fund Balance	<u>\$ 5,436,949</u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Reconciliation of Fund Balance on the Balance Sheet for Governmental Fund
To Net Position of Governmental Activities on the Statement of Net Position
June 30, 2017**

Fund Balance - Governmental Fund	\$ 5,173,788
 Amounts reported for governmental activities in the statement of net position are different because:	
 In the governmental fund, interest income on time deposits is recognized when the time deposits have matured and the income is available. In the government-wide statements, interest income is recognized as it is earned.	
Add- accrued interest	1,383
 Certain deferred outflows are reported in the Statement of Net Position but not in the governmental funds	
Add - Deferred outflows-pension related	2,359,995
 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Add - capital assets	\$3,050,331
Deduct - accumulated depreciation	<u>(1,988,731)</u>
	1,061,600
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:	
Deduct - Net pension liability	(6,449,602)
Deduct - Deferred inflows-pension related	(224,407)
Deduct - Other postemployment obligations liability	<u>(10,642,727)</u>
 Net Position of Governmental Activities - (Deficit)	 <u><u>\$ (8,719,970)</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

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

	<u>General Fund</u>
Revenues	
Fees, charges, and commissions for services:	
Court costs, fees and charges	\$4,166,965
Fees for recording legal documents	3,085,065
Fees for copies of documents	421,422
Licenses and permits	311,180
Miscellaneous	53,957
Use of money and property - interest income	40,435
Total Revenues	<u>8,079,024</u>
 Expenditures	
Judiciary:	
Current:	
Personal services and related benefits	6,583,025
Materials and supplies	264,662
Operating services	1,114,841
Travel and other charges	83,046
Capital outlay	13,032
Total Expenditures	<u>8,058,606</u>
 Net Change in Fund Balance	<u>20,418</u>
Fund Balance at Beginning of Year	<u>5,153,370</u>
Fund Balance at End of Year	<u><u>\$5,173,788</u></u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

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

Net Change in Fund Balance- Governmental Fund \$ 20,418

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

Governmental funds report interest income on time deposits when the time deposits have matured and the income is available. However, in the statement of activities the amount of the accrued interest is reported as revenue.

Accrued interest on time deposits - current year	\$ 1,383	
Accrued interest on time deposits - prior year	(5,971)	
		(4,588)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

Capital outlay	\$ 13,032	
Depreciation expense	(231,569)	
		(218,537)

In the Statement of Activities pension and other postemployment benefits are reported in the government-wide statements, but not in the governmental fund statements

Pension expense		(379,014)
Non-employer contributions to cost-sharing pension plan		365,699
Other postemployment benefits		(1,050,568)

Change in Net Position of Governmental Activities		<u><u>\$ (1,266,590)</u></u>
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The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Statement of Fiduciary Net Position
June 30, 2017**

	Jury Cost Fund	Advance Deposit Fund	Registry of Court Fund	Court Reporter Fund	Total
Assets					
Cash and cash equivalents	\$ 96,517	\$ 911,065	\$ 17,688,936	\$ 239,047	\$ 18,935,565
Investments	1,685,000	2,350,000	-	-	4,035,000
Other financial instruments	-	-	32,175	-	32,175
Total Assets	<u>\$1,781,517</u>	<u>\$3,261,065</u>	<u>\$17,721,111</u>	<u>\$239,047</u>	<u>\$23,002,740</u>
Liabilities					
Unsettled deposits	\$1,781,517	\$3,261,065	\$17,721,111	\$239,047	\$23,002,740
Total Liabilities	<u>\$1,781,517</u>	<u>\$3,261,065</u>	<u>\$17,721,111</u>	<u>\$239,047</u>	<u>\$23,002,740</u>

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

NOTES TO THE FINANCIAL STATEMENTS

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

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 Caddo Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the industry audit guide, *Audits of State and Local Governments*.

The significant accounting and reporting policies and practices used by the Clerk of Court are described below.

B. REPORTING ENTITY

The Caddo Parish Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the Caddo Parish Commission. The Commission maintains and operates the parish courthouse in which the Clerk of Court's office is located and is responsible for certain expenses incurred by the Clerk of Court. Because the Clerk of Court is fiscally dependent on the Commission, the Clerk of Court was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity.

As an independently elected official, the Clerk of Court is solely responsible for the operations of his office, which includes responsibility for the hiring and retention of employees, the annual operating budget and any fund deficits, and the receipt and disbursement of funds.

The accompanying financial statements present information only on the funds and activities controlled by the Caddo Parish Clerk of Court and do not present information on the Caddo Parish Commission, 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 of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

Funds of the Clerk of Court are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

Governmental Funds

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

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

Fiduciary Funds

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

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

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 balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Clerk of Court's operations.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

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

Revenues

Recordings, cancellations, court attendance, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when the time deposits have matured and the income is available.

Substantially, all other revenues are recorded when received by the Clerk of Court.

Based on the above criteria, recordings, court attendance, criminal costs, and other fees, charges, and commissions for services are treated as susceptible to accrual.

Expenditures

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

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Clerk.

Capital outlays are reported at the time purchased.

The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity; therefore, the Clerk of Court reports the General Fund as a major fund.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Government-wide Financial Statements (GWFS)

The statement of net position and the statement of activities display information about the Clerk of Court as a whole. These statements include all the financial activities of the Clerk of Court, except for fiduciary activities. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the economic resources measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with the Clerk of Court's activities are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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

Revenues that are not classified as program revenues, including interest, are presented as general revenues.

E. ENCUMBRANCES

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriations, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred to assure that applicable appropriations are not exceeded.

F. CASH AND CASH EQUIVALENTS

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. INVESTMENTS

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

H. RECEIVABLES

All trade receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable outstanding an excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

I. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as deferred outflows of resources in the financial statements.

J. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$3,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Lives</u>
Office equipment	5 years
Furniture & fixtures	7 years
Building improvements	7 -20 years

Depreciation of all exhaustible capital assets is reported as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for Deferred Inflows of Resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Clerk of Court recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections.

The Clerk of Court reports unearned revenue on both its government-wide and fund financial statements. Unearned revenues arise when potential revenues do not meet both the “available” and “measurable” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria have been met or the Clerk of Court has legal claim to the resources, the unearned revenue is removed from the balance sheet and revenue is recognized. The Clerk of Court’s unearned revenue consists of prepaid portal fees.

L. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to vacation and sick leave:

Employees of the Clerk of Court’s office earn from one to five weeks of annual leave each year, depending on length of service. Annual leave must be used in the year earned. Upon voluntary resignation or retirement, an employee is compensated for annual leave accumulated during the year of resignation or retirement. Authorized time off (ATO) leave (i.e. sick leave) is granted at the discretion of the Clerk of Court. Upon retirement, resignation, or termination of employment, all unused ATO leave shall be forfeited.

The Clerk of Court’s recognition and measurement criteria for compensated absences follows GASB Statement No. 16 which provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if *both* of the following conditions are met:

- a. The employees’ rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payment at termination or retirement.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET POSITION AND FUND EQUITY

The Clerk of Court has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In the government-wide financial statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and can be reported in three components:

- a. Net investment in capital assets - Consists of capital assets net of accumulated depreciation.
- b. Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Clerk’s bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets.

The Clerk of Court has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Clerk of Court is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

In the fund financial statements, governmental fund balance is presented in five possible categories:

- *Nonspendable* – resources which cannot be spent because they are either (a) not in spendable form (such as prepaid items) or; (b) legally or contractually required to be maintained intact.
- *Restricted* – resources with constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – resources which are subject to limitations or constraints to specific purposes the government imposes upon itself at its highest level of decision making (the Clerk of Court). These amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – resources neither restricted nor committed for which the Clerk of Court has a stated intended use for a specific purpose.
- *Unassigned* – resources that are available for any purpose.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET POSITION AND FUND EQUITY (continued)

The Clerk of Court establishes (and modifies and rescinds) fund balance commitments and assignments through adoption and amendment of the budget.

The Clerk of Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk's last year of his term of office. The amount owed to the parish treasurer under R.S. 13:785 is limited to no more than the funds provided by the parish treasurer under provisions of R.S. 13:784 (A) to help defray the costs of capital assets and record books during the Clerk of Court's four-year term. At June 30, 2017, there was no amount due to the parish treasurer.

N. PENSION PLAN

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

O. USE OF 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.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents:

At June 30, 2017, the Clerk of Court had cash and cash equivalents (book balances) totaling \$19,327,729 as follows:

	Governmental Fund	Fiduciary Funds	Total
Cash	\$ 1,800	\$ -	\$ 1,800
Demand deposits	390,364	18,935,565	\$ 19,325,929
	\$ 392,164	\$ 18,935,565	\$ 19,327,729

Investments:

At June 30, 2017, the Clerk of Court had investments (book balances) totaling \$8,535,000 as follows:

	Governmental Fund	Fiduciary Funds	Total
Time Deposits	\$ 4,175,000	\$ 2,635,000	\$ 6,810,000
LAMP	325,000	1,400,000	1,725,000
	\$ 4,500,000	\$ 4,035,000	\$ 8,535,000

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

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Clerk of Court's name.

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

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. At year end, the Clerk of Court had collected bank balances of \$26,730,795 which were fully protected by \$250,000 of federal depository insurance and the pledge of securities with a market value of \$29,435,106 held by the custodial bank in the name of the Clerk of Court.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

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

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

Investments held at June 30, 2017, include \$1,725,000 (collected balances) invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool.

The Louisiana Asset Management Pool is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

3. RECEIVABLES

The governmental activities receivables of \$221,723 at June 30, 2017, are as follows:

Fees, charges and commissions for services:	
Court costs, fees and charges	\$ 36,832
Fees for recording legal documents	135,327
Copies	40,012
Remote access	12,935
Portal fees	16,930
Interest	1,383
Other	6,434
Gross receivables	<u>249,853</u>
Less Allowance for uncollectibles	<u>(28,130)</u>
Net total receivables	<u><u>\$ 221,723</u></u>

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities:					
Capital assets being depreciated					
Office equipment	\$ 1,664,825	\$ 4,135	-	-	\$ 1,668,960
Furniture and fixtures	594,893	8,897	-	-	603,790
Office improvements	777,581	-	-	-	777,581
Total	<u>3,037,299</u>	<u>13,032</u>	<u>-</u>	<u>-</u>	<u>3,050,331</u>
Less accumulated depreciation:					
Office equipment	(814,340)	(189,615)	-	-	(1,003,955)
Furniture and fixtures	(548,313)	(11,290)	-	-	(559,603)
Office improvements	(394,509)	(30,664)	-	-	(425,173)
Total	<u>(1,757,162)</u>	<u>(231,569)</u>	<u>-</u>	<u>-</u>	<u>(1,988,731)</u>
Net capital assets	<u>\$ 1,280,137</u>	<u>\$ (218,537)</u>	<u>-</u>	<u>-</u>	<u>\$ 1,061,600</u>

Depreciation expense of \$231,569 was charged to the judiciary function of the governmental activities.

5. UNEARNED REVENUES

Unearned revenues of \$118,800 represents remote access fees received from customers for the period January 1, 2017, through December 31, 2017, which had not been earned by the Clerk of Court as of June 30, 2017.

6. PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, 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 system's fiduciary net position have been determined on the same basis as they are reported by the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Plan Description.

Substantially all employees of the Caddo 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.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

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

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

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008. A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

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

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

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

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

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

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

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

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

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue during the year and excluded from pension expense. Non-employer contribution revenue for the Clerk of Court for the year ended June 30, 2016 was \$365,699.

Schedule of Employer Allocations: The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Louisiana Clerks' of Court Retirement and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2016 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2016.

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

At June 30, 2017, the Caddo Parish Clerk of Court reported a liability of \$6,449,602 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016 (Plan's measurement date), the Clerk's proportion was 3.48632% which was an increase of 0.15307% from the proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Clerk recognized a pension expense of \$978,032, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,819	\$ (219,529)
Changes of assumptions	397,217	-
Net difference between projected and actual earnings on pension plan investments	1,112,769	(4,878)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	185,172	-
Employer contributions subsequent to the measurement date	599,018	-
Total	\$ 2,359,995	\$ (224,407)

The Clerk of Court reported a total of \$599,018 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2016, which will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

June 30,	
2018	\$ 427,118
2019	427,118
2020	427,118
2021	427,118
2022	427,118
Total	\$2,135,588

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of the Clerk of Court as of June 30, 2016 are as follows:

Total Pension Liability	\$ 24,969,666
Plan Fiduciary Net Position	18,520,064
Total Net Pension Liability	\$ 6,449,602

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Life	5 Years
Investment Rate of Return	7.00%, net of investment expense, including inflation
Projected Salary Increases	5.00%
Mortality Rates	RE-2000 Employee Table set back 4 years for males and 3 years for females RP-2000 Healthy Annuitant Table set forward 1 year for males. RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females
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.

Mortality Rate. The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used. The long-term expected 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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.00%
Coreplus 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%
	<u>100.00%</u>	

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

Sensitivity of the Clerk’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Clerk calculated using the discount rate of 7.00 percent, as well as what the Clerk’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 9,177,663	\$ 6,449,602	\$ 4,134,026

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2016 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience: The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Differences between Projected and Actual Investment Earnings: The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

Changes of Assumptions or Other Inputs: The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Changes in Proportion: Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

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

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

6. PENSION PLAN (continued)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana financial report. Access to the report can be found on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Funding Policy: Plan members are required by state statute to contribute 8.25% of their annual covered salary to the plan. The Caddo Parish Clerk of Court is required to contribute to the plan at an actuarially determined rate. The rate for the fiscal year ended June 30, 2017, was 19.00% of the 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 Caddo Parish Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caddo Parish Clerk of Court's contributions to the System for the years ending June 30, 2017, 2016, and 2015 were \$599,018, \$604,602, and \$565,027, respectively, equal to the required contributions for each year.

7. OTHER POST EMPLOYMENT BENEFITS

The Caddo Parish Clerk of Court provides medical, dental, and life insurance benefits for eligible retired employees and their dependents. Substantially all of the Clerk of Court's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk of Court. These benefits for retirees and similar benefits for active employees are provided through commercial insurance policies whose monthly premiums are paid jointly by the employee and the Clerk of Court.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, establishes standards for the measurement, recognition and display of other post employment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information. Generally, GASB Statement No. 45 requires the Clerk of Court to record the annual required contribution to fully fund the benefits as an expense.

The annual required contribution is defined as the employer's required contributions for the year, calculated in accordance with certain parameters, and includes (a) the normal cost for the year and (b) a component for amortization of the total unfunded actuarial accrued liabilities (or funding excess) of the plan over a period not to exceed thirty years. The amount by which the net obligation for the plan exceeds the amount actually funded by the Clerk of Court will be recognized as a liability.

Plan Description – The Clerk of Court contributes to a single-employer defined benefit healthcare plan (the "Retiree Healthcare Plan"). The plan provides lifetime health, life and dental insurance benefits to eligible retired employees through the Clerk of Court's group insurance plans which provide coverage to both active and retired employees. The plan is authorized and administered by the Clerk of Court. The plan provides medical, dental, life, and vision insurance for regular employees hired prior to January 1, 2011 that retire at age 55 or older with at least twelve (12) years of full-time service. Regular employees hired after January 1, 2011 are eligible at age 60 with twelve (12) years of full-time service. The Clerk of Court pays 100% of the retirees' insurance premiums and 95% of spouses' insurance premiums. The "Retiree Healthcare Plan" does not issue a publicly available financial report.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

7. OTHER POST EMPLOYMENT BENEFITS (continued)

The Clerk of Court recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Clerk of Court's future cash flows. Because the Clerk of Court has adopted the requirements of GASB Statement No. 45 prospectively, the recognition of the liability accumulated from prior years will be recognized over a thirty year period, commencing with the fiscal year 2010 liability.

Annual OPEB Cost and Net OPEB Obligation – The Clerk of Court's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC). The ARC was calculated using the unit credit actuarial cost method. The Clerk of Court has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over thirty years. The remaining amortization period at June 30, 2017 was twenty-five years.

The following table shows the components of the Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation to the plan for the year ended June 30, 2017.

Normal cost	\$ 722,844
Minimum Amortization of UAL	757,985
Interest Adjustment to year-end	44,425
Annual required contribution	<u>1,525,254</u>
ARC adjustment	(322,539)
Interest on net OPEB obligation	<u>290,285</u>
Annual OPEB cost	1,493,000
Contributions made	<u>(442,432)</u>
Increase in net OPEB obligation	1,050,568
Net OPEB obligation, beginning of year	<u>9,592,159</u>
Net OPEB obligation, end of year	<u><u>\$ 10,642,727</u></u>

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2017, 2016, and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Contributed	Net OPEB Obligation
6/30/2015	\$ 1,413,238	22.30%	\$ 8,630,598
6/30/2016	\$ 1,460,337	34.20%	\$ 9,592,159
6/30/2017	\$ 1,493,000	29.63%	\$ 10,642,727

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

7. OTHER POST EMPLOYMENT BENEFITS (continued)

Funding Policy, Funded Status, and Funding Progress – GASB Statement No. 45 does not mandate the prefunding of the postemployment benefits liability. The plan is financed on a "pay-as-you-go basis" which is the practice of paying for these benefits as they become due each year, therefore no funds are reserved for payment of future insurance premiums. No assets have been segregated and restricted to provide post-employment benefits. As of July 1, 2015, the actuarial accrued liability for benefits was \$21,769,890, all of which was unfunded. The actuarial accrued liability is the liability for past service, as determined by the unit credit actuarial cost method. The covered payroll (annual payroll of active employees covered by the plan) was \$5,671,134, and the ratio of unfunded actuarial liability (UAAL) to covered payroll was 383.9%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Clerk of Court's actual liability will vary from these estimates and will not be known until such time that all eligibility is exhausted and all benefits are paid. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Actuarial Value of Plan Assets – There are no 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 Statement No. 45 will be used. The valuation date is July 1, 2015.

Retirement age for active employees – Active members were assumed to retire at the greater of the average historical retirement age of 60 years or the age of attainment of eligibility for the retirement benefit.

Dependent status – Marital status of members at the calculation date was assumed to continue throughout retirement. Wives are assumed to be two years younger than husbands. No children are assumed to be covered by future retirees.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

7. OTHER POST EMPLOYMENT BENEFITS – (Continued)

Mortality – Pre-retirement mortality is based on RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2015. Post-retirement mortality is based on RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2015.

Turnover – Employee turnover rates are based on the Clerk's of Court Retirement and Relief Fund pension plan valuation.

Participation by current retirees – Current retirees are assumed to continue their current benefits.

Participation by future retirees - 100% of future eligible retirees are assumed to choose to participate in the plan at retirement.

Medical and dental claim costs - Age-neutral premiums are used for claims costs. They were derived from premiums, trended to the valuation date and adjusted for the risk characteristics of the group.

Vision costs – Projected vision costs were based on current premium rates.

Life insurance claim costs - Claim costs are based on the RPH-2014 Healthy Mortality Table, with Projection Scale MP-2015.

Payroll Inflation rate – The expected long-term inflation assumption is three percent (3.0%).

Investment Return Assumption (Discount Rate) – GASB Statement No. 45 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 historical and expected returns of the Clerk of Court's short-term investment portfolio and revenue growth, a discount rate of three percent (3%) was used in this valuation.

8. COMPENSATED ABSENCES

At June 30, 2017, employees of the Clerk of Court have accumulated and vested \$107,216 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is due and payable within the next year and is recorded as an obligation of the General Fund.

9. RISK MANAGEMENT

The Caddo Parish Clerk of Court is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk purchases commercial insurance to provide workers compensation coverage, general liability, error and omission, and property insurance. There were no significant reductions in insurance coverage from the previous year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to the Financial Statements
June 30, 2017**

10. LITIGATION AND CLAIMS

At June 30, 2017, the Caddo Parish Clerk of Court was involved in litigation concerning several matters which, in the estimation of the legal advisor of the Clerk of Court, an estimate of the ultimate resolution of the suits cannot be made. However, it is the opinion of legal counsel that an unfavorable outcome is unlikely in the pending lawsuits.

11. EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH COMMISSION

The Caddo Parish Clerk of Court's office is located in the Caddo Parish Courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715 is paid by the Caddo Parish Commission and are not included in the accompanying financial statements.

12. RESTATEMENT

The beginning unsettled deposits of the Registry of the Court fund were discovered to be overstated in 2016. A suit for the amount of \$3,906,780 was recorded twice in error.

13. DEFICIT NET POSITION

A net position deficit of \$8,719,970 exist in the general fund resulting from noncurrent operating liabilities such as OPEB liability of \$10,642,727 and net pension liability of \$6,449,602.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 31, 2017, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Budgetary Comparison Schedule
Governmental Fund – General Fund
For the Year Ended June 30, 2017**

	Budgeted Amounts		Actual Amounts		Variance With Final Budget Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		
				Actual Amounts (Budgetary Basis)		
Revenues						
Fees, charges, and commissions for services:						
Court costs, fees and charges	3,988,802	4,228,083	4,166,965	(14,686)	4,152,279	(75,804)
Fees for recording legal documents	2,954,668	3,131,914	3,085,065	-	3,085,065	(46,849)
Fees for copies of documents	443,200	469,787	421,422	-	421,422	(48,365)
Licenses and permits	52,747	322,705	311,180	-	311,180	(11,525)
Miscellaneous	-	-	53,957	(6,328)	47,629	47,629
Use of money and property - interest income	34,231	40,600	40,435	1,383	41,818	1,218
Total Revenues	7,473,648	8,193,089	8,079,024	(19,631)	8,059,393	(133,696)
Expenditures						
Judiciary:						
Current:						
Personal services and related benefits	5,915,160	6,728,038	6,583,025	(97,723)	6,485,302	242,736
Materials and supplies	261,548	256,338	264,662	(501)	264,161	(7,823)
Operating services	1,104,313	1,082,316	1,114,841	9,083	1,123,924	(41,608)
Travel and other charges	87,183	85,446	83,046	433	83,479	1,967
Capital Outlay	81,908	31,891	13,032	(18,859)	(5,827)	37,718
Total Expenditures	7,450,112	8,184,029	8,058,606	(107,567)	7,951,039	232,990
Excess of Revenues Over (Under) Expenditures	23,536	9,060	20,418	87,936	108,354	99,294
Fund Balance at Beginning of Year	5,153,370	5,153,370	5,153,370	(22,650)	5,130,720	(22,650)
Fund Balance at End of Year	5,176,906	5,162,430	5,173,788	65,286	5,239,074	76,644

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Funding Progress for Retiree Health Plan
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b-a)/c}
7/1/2009	\$ -	\$19,181,091	\$19,181,091	0.00%	\$3,306,610	580.10%
7/1/2012	\$ -	\$14,577,301	\$14,577,301	0.00%	\$2,920,621	499.10%
7/1/2015	\$ -	\$21,769,890	\$21,769,890	0.00%	\$5,671,134	383.90%

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Proportionate Share of the Net Pension Liability
June 30, 2017**

Fiscal Year*	Agency's proportion of the net pension liability (asset)	Agency's proportionate share of the net pension liability (asset)	Agency's covered-employee payroll	Agency's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	3.486320%	\$ 6,449,602	\$ 3,182,106	203%	78.1%
2016	3.333254%	\$ 4,999,986	\$ 3,054,200	164%	62.7%
2015	3.324069%	\$ 4,483,710	\$ 3,002,232	149%	65.0%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Pension Contributions
June 30, 2017**

Fiscal Year*	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Agency's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2017	\$ 599,018	\$ 599,018	\$ -	\$ 2,616,029	22.9%
2016	\$ 604,602	\$ 604,602	\$ -	\$ 3,182,106	19.0%
2015	\$ 565,027	\$ 565,027	\$ -	\$ 3,054,200	18.5%

*Amounts presented were determined as of the end of the fiscal year.

**The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Notes to Required Supplemental Information
June 30, 2017**

Budgetary Information

The budget for the General Fund (Salary Fund) is prepared and is adopted annually on the cash basis of accounting. A preliminary budget for the General Fund for the ensuing year is prepared by the Clerk of Court during May of each year. The availability of the proposed budget for public inspection and the date of the public hearing on the budget are then advertised in the official journal. During June, the Clerk of Court holds a public hearing on the proposed budget in order to receive comments from the public and other interested parties. The General Fund budget is adopted during June of each year and notice is published in the official journal.

The proposed budget for the June 30, 2017, fiscal year was made available for public inspection at the Clerk of Court's office on June 2, 2016. The proposed budget, prepared on the cash basis of accounting, was published in the official journal ten days before the public hearing. The budget hearing was held at the Clerk's office on June 13, 2016.

Louisiana Revised Statute (LSA-R.S.) 39:1311 requires the chief executive or administrative officer of the Clerk of Court's office to advise the Clerk in writing when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated fund balance by five percent or more and fund balance is being used to fund current year expenditures.

The Clerk prepares necessary budget amendments when, in his judgment, actual operations differ materially from those anticipated in the original budget and formally adopts the amendments. The adoption of the amendments is published in the official journal. The General Fund budget for the fiscal year ended June 30, 2017, was amended on June 2, 2017.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year-end. Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Schedule of Funding Progress for Retiree Health Plan

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Pension Information

The schedule of the Caddo Parish Clerk of Court's proportionate share of the net pension liability and the schedule of the Caddo Parish Clerk of Court's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER SUPPLEMENTAL INFORMATION

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Compensation, Benefits and Other Payments
To Agency Head or Chief Executive Officer
June 30, 2017**

Mike Spence, Clerk of Court

Purpose:

Salary	\$ 176,188
Benefits - Insurance	19,766
Benefits - Retirement	33,020
Benefits - Other	-
Car Allowance	20,206
Per diem	1,030
Reimbursements	-
Cell Phone	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Unvouched expenses	-
Special meals	-
Total	<u>\$ 250,210</u>

**Supplemental information.
See the accompanying independent auditor's report.**

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2017**

	Jury Cost Fund	Advance Deposit Fund	Restated Registry of Court Fund	Court Reporter Fund	Total
ADDITIONS:					
Deposits:					
Suits and successions	\$ 429,674	\$ 5,569,846	2,728,167	454,142	\$ 9,181,828
Bonds & liens	-		17,485	-	17,485
Interest earned on investments	4,736	-	75,987	-	80,723
Total Additions	<u>434,410</u>	<u>5,569,846</u>	<u>2,821,639</u>	<u>454,142</u>	<u>9,280,036</u>
DEDUCTIONS:					
Clerk's costs (transferred to General Fund)	-	2,822,182	-	31,790	2,853,971
Court reporter costs (transferred to Court reporter fund)	-	454,142	-	-	454,142
Judge's Compensation Fund	-	150,849	-	-	150,849
Judicial Court Expense Fund	-	91,815	-	-	91,815
Settlements to litigants	-	1,131,582	4,048,905	-	5,180,487
Attorney, curator, and notary fees	-	142,732	-	-	142,732
Battered Women's Fund	-	9,860	-	-	9,860
Pro Bono Projects	-	17,389	-	-	17,389
Stenographers' fees	-	-	-	287,624	287,624
Summons Fee	108,213	-	-	-	108,213
Sheriffs' fees	15,150	566,001	-	-	581,151
Bond refunds	87,850	-	-	-	87,850
Other reductions	138,913	38,972	-	24,586	202,471
Total Deductions	<u>350,126</u>	<u>5,425,524</u>	<u>4,048,905</u>	<u>344,000</u>	<u>10,168,553</u>
CHANGES IN UNSETTLED DEPOSITS	84,284	144,322	(1,227,266)	110,142	(888,518)
Unsettled Deposits- Beginning	1,697,233	3,116,743	18,948,377	128,905	23,891,258
Unsettled Deposits - Ending	<u>\$ 1,781,517</u>	<u>\$ 3,261,065</u>	<u>\$ 17,721,111</u>	<u>\$ 239,047</u>	<u>\$ 23,002,740</u>

**Supplemental information.
See the accompanying independent auditor's report.**

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND THE LOUISIANA GOVERNMENTAL AUDIT GUIDE**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



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

The Honorable Mike Spence
Caddo Parish Clerk of Court
Shreveport, 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 Standard* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and each fiduciary fund type of the Caddo Parish Clerk of Court, Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Caddo Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 31, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caddo Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the Caddo Parish Clerk of Court, management, and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this restriction is not intended to limit the distribution of this report which is a matter of public record and is distributed by the Legislative Auditor under Louisiana Revised Statute 24:513.

Dees Gardner, Certified Public Accountants, LLC

Dees Gardner, Certified Public Accountants, LLC
Mansfield, Louisiana
December 31, 2017

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Schedule of Findings
For the Year Ended June 30, 2017**

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ Yes	_____ X _____	No
Noncompliance material to the financial statements noted?	_____ Yes	_____ X _____	No

Section II - Financial Statement Findings

See Summary Schedule of Audit Findings

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Summary Schedule of Audit Findings
For the Year Ended June 30, 2017**

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

**CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA**

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2017**

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

OTHER REPORT



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Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Honorable Mike Spence,
Caddo Parish Clerk of Court,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Caddo Parish Clerk of Court 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 Clerk of Court'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 do not address budgeting.
 - 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 do not address purchasing
 - c) **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures do not address disbursements
 - d) **Receipts**, including receiving, recording, and preparing deposits.
Written policies and procedures do not address receipts
 - 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 payroll functions but do not specifically address reviewing and approval of attendance and leave.

- 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 do not address contracting
- 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 do not address credit cards.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Travel 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 do not address (1) the prohibitions as defined in Louisiana Revised Statute 43:1111-1121, (2) actions to be taken if an ethics violation takes place, and (3) system to monitor possible ethics violations.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures do not address debt service.

Management Response: *For each item above, whether current policies are not sufficient or whether a written policy is not currently in place, management will work towards adopting sufficient formal policies and procedures to address each item above. There is currently no debt maintained and there are no plans in the foreseeable future to take on any debt, but in the event debt is considered, a written policy will be adopted.*

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.
The Caddo Parish Clerk of Court does not have a Board or Finance Committee, and therefore, this attribute is not applicable.
 - 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.
This step is not applicable to the Caddo Parish Clerk of Court.
 - 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.
This step is not applicable to the Caddo Parish Clerk of Court.

Bank Reconciliations

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

A listing of client bank accounts from management and management's representation that listing is complete was obtained.

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;

Bank statements and reconciliations for all months in the fiscal period were obtained, noting that reconciliations have been prepared for all months for each of the five bank accounts selected.

- 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

Bank statements and reconciliations for all months in the fiscal period noting evidence of management's review for each of the five bank accounts selected were obtained.

- 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.

Bank statements and reconciliations for all months in the fiscal period were obtained, noting management does not research reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Management Response: *Management will address our procedures relating to outstanding items and correct any deficiencies related thereto.*

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 that listing is complete was obtained.

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.

In all five of the locations selected, the persons responsible for collecting cash are bonded by a blanket policy covering all employees; are not responsible for depositing the cash in the bank,

recording the related transaction, or reconciling the related bank account; and are not required to share a drawer with another employee.

- 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.

In all locations selected, there is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- 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.

The highest (dollar) week of cash collections for the selected locations was obtained along with collection documentation, deposit slips, & bank statements. All deposits were made within one day of collection.

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

Collection documentation by location was obtained, noting cash collections are completely supported by 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.

Written policies and procedures do not address completeness of all collections, but in all locations, there is a process defined to determine the completeness of all collections by a person who is not responsible for collections.

Management Response: *Management will work towards adopting formal written policies and procedures to sufficiently describe the current procedures utilized.*

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.

A listing of entity disbursements from management and management's representation that the listing is complete was obtained.

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.

Examining the supporting documentation for the 25 disbursements selected, evidence was found that purchases were initiated using a requisition/purchase order system or equivalent electronic system.

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

No exceptions were noted as a result of this procedure.

- 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.

No exceptions were noted as a result of this procedure.

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.

Persons responsible for processing payments are prohibited from adding vendors to the entity's purchasing/disbursement system.

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

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

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

The entity utilizes electronic check printing. An inquiry of management and a review of documentation indicated persons with signatory authority do not have system access to print checks.

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.

The entity does not have or utilize a signature stamp or signature machine. No exceptions noted with signed checks.

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 all active credit cards, bank debit cards, fuel cards and name of person who maintains possession of cards and management's representation that the listing is complete 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.

There were four credit cards active during the fiscal period and two cards were randomly selected for testing.

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. There was evidence that each statement was reviewed and approved by someone other than the authorized card holder.

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

There were no finance charges and/or late fees assessed on any of the cards selected.

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)

Two of the three charges tested did not have original itemized receipts.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

- 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 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 noted.

Management Response: *Management will be working towards a formal written policy for cards which will address a requirement for employees to include sufficient documentation for all charges. Additionally,*

management will adopt a lost documentation/receipt form to be utilized in the event a receipt or other documentation is lost by an employee.

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 travel and expense reimbursements by person and management's representation that the listing is complete 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.

The entity's written policies relating to travel and expense reimbursements were obtained and no amounts listed exceeded those amounts established by the U.S. General Services Administration.

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 as a result of applying this procedure.

- 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.]

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

- 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 as a result of applying this procedure.

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

No exceptions were noted as a result of applying this procedure.

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.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

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.

No exceptions were noted as a result of applying this procedure.

- 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).

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

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

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

- 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.

No contracts selected were amended.

- 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.

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

- 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).

This procedure is not applicable to entity.

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:

Listing of employees with their related salaried and management's representation that the listing is complete was obtained.

- 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 employment contracts or pay rate structure noted for entity.

- 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.

Four of the five employees reviewed appear to have received pay raises during the fiscal period and written approval was found for two of the four.

- 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.)

All selected employees had daily attendance and leave documented.

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

No evidence found that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/official.

- 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 noted as a result of applying this procedure.

- 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.

No exceptions noted as a result of applying this procedure.

- 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 noted as a result of applying this procedure.

Management Response: *As stated in section 01 above, management will work to revise formal written payroll and personnel policies and procedures. This revision will clarify that all changes in pay will be made in writing and that attendance and leave records will be approved in writing by a supervisor. Management will explore the adoption of a uniform pay structure.*

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.

No exceptions were noted as a result of applying this procedure.

- 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.

Management asserted that they have received no allegations during the fiscal period.

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.

No debt was issued during the fiscal period

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.

The Caddo Parish Clerk of Court does not have any outstanding debt.

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.

The Caddo Parish Clerk of Court has no tax millages relating to debt service.

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.

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

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 entity has the required notices posted on its premises and 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 observed or identified regarding management's representations in the procedures above.

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.

Dees Gardner, Certified Public Accountants, LLC

Mansfield, LA
December 31, 2017