

**WINN PARISH CLERK OF COURT  
WINNFIELD, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2016**

Winn Parish Clerk of Court  
Winnfield, Louisiana

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Winn Parish Clerk of Court  
Winnfield, Louisiana

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# Johnson, Thomas & Cunningham

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### INDEPENDENT AUDITOR'S REPORT

Honorable Chesney Baxley  
Winn Parish Clerk of Court  
119 West Main, Room 103  
Winnfield, Louisiana 71483

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds information of the Winn Parish Clerk of Court, a component unit of the Winn Parish Police Jury, as of and for the year ended June 30, 2016, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary funds information of the Clerk of Court as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Supplementary Information*

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

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

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

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, and the Statement of Changes in Fiduciary Net Position are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the

basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

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

December 15, 2016  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS



Winn Parish Clerk of Court  
Statement of Net Position  
June 30, 2016

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 35,898
Revenue Receivable	15,090
Prepaid Expense	<u>1,981</u>
Total Current Assets	\$ 52,969
Noncurrent Assets-	
Capital Assets, Net	<u>17,875</u>
Total Assets	\$ <u>70,844</u>
DEFERRED OUTFLOWS OF RESOURCES:	\$ <u>113,958</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 6,203
Payroll & Related Liabilities	<u>11,328</u>
Total Current Liabilities	\$ 17,531
Noncurrent Liabilities-	
Other Post Employment Benefits	745,386
Net Pension Liability	<u>407,397</u>
Total Noncurrent Liabilities	\$ <u>1,152,783</u>
Total Liabilities	\$ <u>1,170,314</u>
DEFERRED INFLOWS OF RESOURCES:	\$ <u>36,208</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 17,875
Unrestricted Net Position	<u>(1,039,595)</u>
Total Net Position	\$ <u>(1,021,720)</u>

The accompanying notes are an integral part of this statement.

Winn Parish Clerk of Court  
Statement of Activities  
June 30, 2016

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial	<u>\$524,836</u>	<u>\$355,625</u>	<u>\$21,850</u>	<u>\$19,000</u>	<u>\$ (128,361)</u>
		General Revenues:			
				Interest	\$ 2,103
				Nonemployer Pension Revenue	27,859
				Miscellaneous	<u>30,275</u>
				Total General Revenues	<u>\$ 60,237</u>
				Change in Net Position	\$ (68,124)
				Net Position June 30, 2015 (Restated see Note 1)	<u>(953,596)</u>
				Net Position June 30, 2016	<u>\$(1,021,720)</u>

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

Winn Parish Clerk of Court  
Balance Sheet-Governmental Fund  
June 30, 2016

ASSETS:

Cash & Cash Equivalents	\$35,898
Revenue Receivable	15,090
Prepaid Expense	<u>1,981</u>
Total Assets	<u>\$52,969</u>

LIABILITIES:

Accounts Payable	\$ 6,203
Payroll and Related Liabilities	<u>11,328</u>
Total Liabilities	<u>\$17,531</u>

FUND BALANCE:

Nonspendable- Prepaid Expense	\$ 1,981
Unassigned	<u>33,457</u>
Total Fund Balance	<u>\$35,438</u>
Total Liabilities & Fund Balance	<u>\$52,969</u>

The accompanying notes are an integral part of this statement.

Winn Parish Clerk of Court  
Reconciliation of the Governmental Fund  
Balance Sheet to the Statement of Net Position  
June 30, 2016

Total Fund Balance for the Governmental Fund at June 30, 2016	\$ 35,438
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Total Net Position reported for Governmental Activities  
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not  
financial resources and, therefore, are not reported  
in the fund. Those assets consist of:

Furniture, Fixtures & Equipment	\$ 318,147	
Less, Accumulated Depreciation	<u>(300,272)</u>	17,875

Deferred Outflows of Resources used in Governmental Activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet-	113,958
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Long-term liabilities are not due and payable in the  
current period and, therefore, are not reported in  
the Governmental Fund Balance Sheet.

Other Post Employment Benefits	(745,386)
Net Pension Liability	(407,397)

Deferred Inflows of Resources are not due and payable in the current period and, therefore are not reported in the Governmental Fund Balance Sheet-	<u>(36,208)</u>
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Total Net Position of Governmental Activities at June 30, 2016	<u><u>\$(1,021,720)</u></u>
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Winn Parish Clerk of Court  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
June 30, 2016

REVENUES:

Licenses & Permits-	
Marriage Licenses	\$ 1,850
Charges for Services-	
Court Costs, Fees & Charges	183,817
Recording Fees	142,073
Photocopying Fees	27,885
Miscellaneous-	
Supplemental Compensation Fund	21,850
State Grant	19,000
Other	30,275
Interest	<u>2,103</u>
Total Revenues	<u>\$428,853</u>

EXPENDITURES:

Current-	
Judicial-	
Personnel Services	\$360,636
Operating Services	94,503
Operating Supplies	4,668
Other Charges	701
Capital Outlay	<u>19,388</u>
Total Expenditures	<u>\$479,896</u>
Deficiency of Revenues over Expenditures	\$ (51,043)
Fund Balance-Beginning of Year	<u>86,481</u>
Fund Balance-End of Year	<u>\$ 35,438</u>

The accompanying notes are an integral part of this statement.

Winn Parish Clerk of Court  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Fund  
to the Statement of Activities  
for the Year Ended June 30, 2016

Total Net Change in Fund Balance at June 30, 2016, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(51,043)
The Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the Statement of Revenues, Expenditures and Changes in Fund Balance	27,859
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts are:	
Capital Assets	19,389
Depreciation Expense	(1,514)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the Statement of Revenues, Expenditures, and Changes in Fund Balance-	
Change in Other Post Employment Benefits	(48,847)
Change in Pension Expense	<u>(13,968)</u>
Total Changes in Net Position at June 30, 2016, per Statement of Activities	<u>\$(68,124)</u>

The accompanying notes are an integral part of this statement.

Winn Parish Clerk of Court  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$679,626	\$446,435	\$1,126,061
Revenue Receivable	<u>17,754</u>	<u>0</u>	<u>17,754</u>
Total Assets	<u>\$697,380</u>	<u>\$446,435</u>	<u>\$1,143,815</u>
LIABILITIES:			
Due to Others	<u>\$697,380</u>	<u>\$446,435</u>	<u>\$1,143,815</u>

The accompanying notes are an integral part of this statement.



## NOTES TO FINANCIAL STATEMENTS

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

Introduction:

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

1. Summary of Significant Accounting Policies:

A. BASIS OF PRESENTATION-

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

B. REPORTING ENTITY-

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

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

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

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

C. FUND ACCOUNTING-

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

Governmental Fund

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

Fiduciary Funds

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

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Winn Parish Clerk of Court, except for the fiduciary funds which are reported separately.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

Fund Financial Statements

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

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

Revenues-

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

Expenditures-

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

E. BUDGETARY ACCOUNTING-

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

F. CASH AND CASH EQUIVALENTS-

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

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

G. INVESTMENTS-

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

H. RECEIVABLES-

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

I. CAPITAL ASSETS-

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

J. COMPENSATED ABSENCES-

Full-time employees of the Winn Parish Clerk of Court earn ten days of sick leave annually. Vacation time is earned as follows: after six months - five days; after one year - ten days; after fifteen years - fifteen days; after twenty years - twenty days. Unused vacation and sick leave expires at December 31 and the Clerk of Court has no accumulated or vested benefits to accrue. Even though the fiscal year ends on June 30<sup>th</sup>, these amounts are not accrued as they are deemed immaterial.

K. PENSIONS-

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

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES-

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

M. ESTIMATES-

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

N. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

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

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

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

The General Fund, the Clerk of Court’s only governmental fund, has a nonspendable fund balance of \$1,981 which represents prepaid expenses. The remaining fund balance of \$33,457 is classified as unassigned. If applicable, the Clerk of Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

O. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES-

As of July 1, 2014, the Clerk of Court implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions – Amendment of GASB Statement 27*, which resulted in a cumulative change in accounting principle and also a restatement of net position.

Errors were made during the GASB 68 calculation in the prior year. The net effect of the restatement to correct this error will be to increase the net position of the Clerk of Court by \$41,149.

2. Cash and Cash Equivalents:

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

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

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

At June 30, 2016, the Clerk of Court had cash and cash equivalents (book balances) totaling \$1,161,959 as follows:

Demand Deposits	\$ 7,341
Interest-bearing Demand Deposits	554,035
Time Deposits	<u>600,583</u>
Total	<u>\$1,161,959</u>

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



Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

At June 30, 2016, the Clerk of Court has \$1,172,113 in deposits (collected bank balances). These deposits are secured from risk by \$874,397 of federal deposit insurance and \$297,716 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

3. Revenue Receivable:

The following is a summary of receivables at June 30, 2016:

<u>Class of Receivable</u>	<u>General</u>	<u>Advance Deposit</u>
Charges for services	<u>\$15,090</u>	<u>\$17,754</u>

4. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2016, is as follows:

	<u>Balance 06-30-15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-16</u>
Governmental Activities-				
Vehicles	\$ 18,468	\$ 0	\$0	\$ 18,468
Furniture, fixtures & equipment	280,290	19,389	0	299,679
Less, accumulated depreciation	<u>(298,758)</u>	<u>(1,514)</u>	<u>0</u>	<u>(300,272)</u>
Total Capital Assets, net	<u>\$ 0</u>	<u>\$17,875</u>	<u>\$0</u>	<u>\$ 17,875</u>

Depreciation expense of \$1,514 was charged to the judicial function.

5. Accounts Payable and Accruals:

The following is a summary of accounts payable at June 30, 2016:

<u>Class of Payable</u>	<u>General</u>
Payroll related accruals	\$11,328
Vendor	<u>6,203</u>
Total	<u>\$17,531</u>

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

6. Pension Plan:

*Plan Description*

The Clerk of Court contributes to The Louisiana Clerks' of Court Retirement and Relief Fund (System) which is a cost-sharing multiple employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11: 1501 to provide regular, disability, and survivor benefits for clerks of court, their deputies and other employees, and the beneficiaries of such clerks of court, their deputies, and other employees. Substantially all employees of the Winn Parish Clerk of Court are members of the System. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.la.la.org](http://www.la.la.org).

*Benefits Provided*

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

**Retirement**

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

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

**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:

- 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.
- 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:

- The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- 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:

- Forty percent of their monthly average final compensation.
- Seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:152l(c).

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

#### **Survivor Benefits**

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

#### **Deferred Retirement Option Plan**

In lieu of terminating employment and accepting a service retirement allowance, any member of the System 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 system 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.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

#### **Cost of Living Adjustments**

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

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

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

#### *Contributions*

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

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

The Clerk of Court's contractually required composite contribution rate for the year ended June 30, 2016 was 19% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Clerk of Court were \$41,610 for the year ended June 30, 2016. The Clerk of Court has elected under state statute to pay both the employer and the employee contributions to the retirement system. Due to this election, the Clerk of Court contributed an additional \$14,925 on behalf of the employees for the year.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

At June 30, 2016, the Clerk of Court reported a liability of \$407,397 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015, the Clerk of Court's proportion was .271593%, which was an increase of .015954% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Clerk of Court recognized pension expense of \$47,639 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$7,939.

At June 30, 2016, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$23,421
Changes in assumption	43,968	0
Net difference between projected and actual earnings on pension plan investments	0	12,787
Changes in employer's proportion of beginning net pension liability	28,662	0
Differences between employer contributions and proportionate share of employer contributions	(282)	0
Subsequent Measurement Contributions	41,610	0
<b>Total</b>	<b>\$113,958</b>	<b>\$36,208</b>

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

Year ended June 30:	
2016	\$15,550
2017	15,550
2018	15,550
2019	15,550
2020	15,550
<b>Total</b>	<b>\$77,750</b>

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 is as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions: Expected Remaining Service Lives	5 years.
Investment Rate of Return	7%
Mortality	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set back 1 year for males)
Salary Increases	5%
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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 7.90% as of June 30, 2015.

Best estimated of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income		
Core Fixed Income	5.0%	1.75%
Core Plus Fixed Income	15.0%	2.25%
Domestic Equity		
Large Cap Domestic Equity	21.0%	4.50%
Non-Large Cap Domestic Equity	7.0%	4.25%
International Equity:		
Large Cap International Equity	14.0%	5.25%
Small Cap International Equity	6.5%	5.00%
Emerging Markets	6.5%	7.25%
Real Estates	10.0%	5.50%
Master Limited Partnerships	5.0%	6.50%
Hedge Funds	10.0%	4.50%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7%. 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.



Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

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

	1.0% Decrease (6%)	Current Discount Rate (7%)	1.0% Increase (8%)
Employer's proportionate share of net pension liability	\$613,758	\$407,397	\$232,265

*Pension Plan Fiduciary Net Position*

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

*Payables to the Pension Plan*

These financial statements include a payable to the pension plan of \$5,190, which is the legally required contribution due at June 30, 2016. This amount is recorded in accrued expenses.

7. Risk Management:

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

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

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

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

9. Deferred Compensation Plan:

All of the employees of the Winn Parish Clerk of Court are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$18,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Clerk of Court matches up to 2% of the employee's salary. The contributions are fully vested immediately and are remitted to a third-party administrator each payday, where they are deposited to an account in the employee's name. The Winn Parish Clerk of Court does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2016, the Clerk of Court's matching funds totaled \$200.

10. Other Post-Employment Benefits:

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

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

*Funding Policy.* The Winn Parish Clerk of Court contributes 100% of the cost of current year premiums for eligible retired employees. The Clerk of Court recognizes the cost of providing these benefits as an expenditure when the monthly premiums are paid. For the year ended June 30, 2016, the total amount of premiums paid for retirees totaled \$14,152.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

*Annual OPEB Cost and Net OPEB Obligation.* The Clerk of Court's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Winn Parish Clerk of Court has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation to the retiree health plan.

Determination of Annual Required Contribution:	
Normal Cost at fiscal year end	\$ 61,345
Amortization of UAAL	<u>5,810</u>
Annual Required Contribution (ARC)	\$ 67,155
Determination of Net OPEB Obligation:	
Annual Required Contribution (ARC)	\$ 67,155
Interest on net OPEB obligation	24,866
Adjustment to annual required contribution	<u>(29,023)</u>
Annual OPEB cost (expense)	\$ 62,998
Contributions made	<u>( 14,152)</u>
Increase in net OPEB obligation	\$ 48,846
Net OPEB obligation at beginning of year	<u>696,540</u>
Net OPEB obligation at end of year	<u>\$745,386</u>

The Clerk of Court's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and the two preceding fiscal years are shown below:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPB Obligation
June 30, 2014	\$106,144	5%	\$593,337
June 30, 2015	\$108,170	5%	\$696,540
June 30, 2016	\$ 62,999	4%	\$745,386

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

*Funded Status and Funding Progress.* As of June 30, 2016, and for the two preceding valuations, the actuarial accrued liability for benefits, the covered payroll (annual payroll of active employees covered by the plan), and ratio of the unfunded actuarial accrued liability to the covered payroll was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/14	\$0	\$911,942	\$911,942	0%	\$226,553	402%
6/30/15	\$0	\$911,942	\$911,942	0%	\$247,285	369%
6/30/16	\$0	\$144,213	\$144,213	0%	\$219,002	66%

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

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

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

*Retirement age for active employees* - Based on the historical retirement age for the covered group, and unless otherwise indicated, active members were assumed to retire at age 55 (age 60 if hired on or after January 1, 2011) or the earliest age after that at which they would have at least 12 years of service with the Clerk of Court's office.

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

*Mortality* - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2011 United States Life Tables for Males and for Females, revised September 22, 2015, were used.

Winn Parish Clerk of Court  
Notes to Financial Statements  
June 30, 2016

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

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

*Health insurance premiums* - 2016 age-adjusted health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate* - A long-term inflation assumption of 3.81% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

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

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

11. Subsequent Events:

Management has evaluated events through December 15, 2016, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Winn Parish Clerk of Court  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2016

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses & Permits-				
Marriage Licenses	\$ 2,325	\$ 2,225	\$ 1,850	\$ (375)
Charges for Services-				
Court Costs, Fees & Charges	260,900	250,000	183,817	(66,183)
Recording Fees	148,800	142,000	142,073	73
Photocopying Fees	20,925	19,924	27,885	7,961
Miscellaneous-				
Supplemental Compensation Fund	18,600	18,000	21,850	3,850
State Grant		0	19,000	19,000
Other	12,090	11,600	30,275	18,675
Interest	<u>1,860</u>	<u>1,780</u>	<u>2,103</u>	<u>323</u>
Total Revenues	<u>\$465,500</u>	<u>\$445,529</u>	<u>\$428,853</u>	<u>\$ (16,676)</u>
EXPENDITURES:				
Current-				
Judicial-				
Personnel Services	\$360,000	\$354,460	\$360,636	\$ (6,176)
Operating Services	91,000	116,134	94,503	21,631
Operating Supplies	1,500	1,500	4,668	(3,168)
Other Charges	1,500	1,500	701	799
Capital Expenditures	<u>0</u>	<u>0</u>	<u>19,388</u>	<u>(19,388)</u>
Total Expenditures	<u>\$454,000</u>	<u>\$473,594</u>	<u>\$479,896</u>	<u>\$ (6,302)</u>
Deficiencies of Revenues over Expenditures	\$ 11,500	\$ (28,065)	\$ (51,043)	\$ (22,978)
Fund Balance-Beginning of Year	<u>28,949</u>	<u>86,481</u>	<u>86,481</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 40,449</u>	<u>\$ 58,416</u>	<u>\$ 35,438</u>	<u>\$ (22,978)</u>

See independent auditor's report.

Winn Parish Clerk of Court  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2016

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
2015	0.255639%	\$344,816	\$247,285	139.44%	79.37%
2016	0.271593%	\$407,397	\$219,002	186.02%	78.13%

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

See independent auditor's report.



Winn Parish Clerk of Court  
Schedule of Employer Contributions  
For the Year Ended June 30, 2016

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
2015	\$46,984	\$46,984	\$0	\$247,285	19.00%
2016	\$41,610	\$41,610	\$0	\$219,002	19.00%

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

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended June 30, 2016.

See independent auditor's report.

Winn Parish Clerk of Court  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended June 30, 2016

Agency Head Name: Don Kelley, Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$11,689
Benefits-Insurance	996
Benefits-Retirement	3,185
Deferred Compensation	200
Other	<u>450</u>
Total	<u>\$16,520</u>

Agency Head Name: Kim Gilliam, Clerk of Court

<u>Purpose</u>	<u>Amount</u>
Salary	\$110,513
Benefits-Insurance	11,958
Benefits-Retirement	28,457
Benefits-Other	1,602
Other	<u>750</u>
Total	<u>\$153,280</u>

See independent auditor's report.

Winn Parish Clerk of Court  
Statement of Changes in Fiduciary Net Position  
for the Year Ended June 30, 2016

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and Successions	\$231,119	\$ 36,081	\$ 267,200
Interest Income	<u>0</u>	<u>1,141</u>	<u>1,141</u>
Total Additions	<u>\$231,119</u>	<u>\$ 37,222</u>	<u>\$ 268,341</u>
DEDUCTIONS:			
Clerk's Costs (paid to general fund)	\$110,089	\$ 0	\$ 110,089
Settlements to Litigants	37,275	450,903	488,178
Sheriff's Fees	17,429	0	17,429
Court Reporters	125	0	125
Attorneys, Curators, Notary	3,873	0	3,873
Judges' Supplemental Fund	8,738	0	8,738
Judicial Supplemental Fund	3,660	0	3,660
Other Deductions	<u>681</u>	<u>0</u>	<u>681</u>
Total Deductions	<u>\$181,870</u>	<u>\$ 450,903</u>	<u>\$ 632,773</u>
Change in Liabilities	\$ 49,249	\$(413,681)	\$ (364,432)
Liabilities-Beginning	<u>648,131</u>	<u>860,116</u>	<u>1,508,247</u>
Liabilities-Ending	<u>\$697,380</u>	<u>\$ 446,435</u>	<u>\$1,143,815</u>

See independent auditor's report.

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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

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

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

Honorable Chesney Baxley  
Winn Parish Clerk of Court  
119 West Main, Room 103  
Winnfield, Louisiana 71483

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, major fund and fiduciary funds, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Winn Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 15, 2016.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk of Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 2016-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **Winn Parish Clerk of Court Response to Finding**

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

### **Purpose of this Report**

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

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

December 15, 2016  
Natchitoches, Louisiana

Winn Parish Clerk of Court  
Schedule of Audit Findings  
Year Ended June 30, 2016

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Winn Parish Clerk of Court as of and for the year ended June 30, 2016.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weaknesses.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

Internal Control-

2016-001 *Segregation of Duties*

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

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

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

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

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

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

Winn Parish Clerk of Court  
Schedule of Audit Findings-continued  
Year Ended June 30, 2016

III. PRIOR YEAR AUDIT FINDINGS

*2015-001 Segregation of Duties*

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

*Status* - As of June 30, 2016, this condition still exists. See current year finding 2016-001.