

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana
Financial Report
For the Year Ended June 30, 2015**

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INDEPENDENT AUDITORS' REPORT

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of June 30, 2015, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 39, Schedule of Funding Progress of OPEB Plan on page 40, the Schedule of Clerk's Pension Proportionate Share of Net Pension Liability on page 41, and the Schedule of Calcasieu Parish Clerk's Contribution on page 42 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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.

The Calcasieu Parish Clerk of Court has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calcasieu Parish Clerk of Court's basic financials statements. The other supplementary information on pages 44 through 46 is presented for purposes of additional analysis and is not required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic 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 8, 2015, on our consideration of the Clerk's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contract, grants, 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 Clerk's internal control over financial reporting and compliance.

Joy E. Williams Co., LLP

Lake Charles, LA

December 8, 2015

BASIC FINANCIALS STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF NET POSITION
June 30, 2015

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,157,415
Receivables	176,531
Due from fiduciary funds	8,367
Prepays	16,475
Capital assets, net	<u>475,936</u>
Total assets	2,834,724
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>1,667,348</u>
Total assets and deferred outflows of resources	<u><u>\$ 4,502,072</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 329,395
Customer deposits	24
Due from fiduciary funds	13,707
Long-term liabilities:	
Due within one year	
Compensated absences	143,353
Due after one year	
Compensated absences	260,162
Net OPEB obligation	5,058,652
Net pension liability	<u>4,903,196</u>
Total liabilities	10,708,489
DEFERRED INFLOWS OF RESOURCES	
Pension related	1,241,023
NET POSITION	
Invested in capital assets	475,936
Unrestricted	<u>(7,923,376)</u>
Total net position	<u>(7,447,440)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 4,502,072</u></u>

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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

		<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
<u>Activities</u>	<u>Expenses</u>	<u>Fees and Charges for Services</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
Governmental activities:				
Judicial	\$ 7,748,907	\$ 6,826,624	\$ -	\$ (922,283)
Total Governmental Activities	<u>\$ 7,748,907</u>	<u>\$ 6,826,624</u>	<u>\$ -</u>	(922,283)
General revenues:				
Clerk's supplemental retirement				21,263
Sale of Fixed Assets				1,870
Interest				9,355
Total general revenues				<u>32,488</u>
Change in net position				(889,795)
Net position - beginning of year, as restated				<u>(6,557,645)</u>
Net position - end of year				<u>\$ (7,447,440)</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2015

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,157,415
Receivables	176,531
Due from agency funds	8,367
Prepays	<u>16,475</u>
Total assets	<u>\$ 2,358,788</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 329,395
Customer deposits	24
Due to agency funds	<u>13,707</u>
Total liabilities	<u>343,126</u>
FUND BALANCE	
Unassigned	<u>2,015,662</u>
Total liabilities and fund balance	<u>\$ 2,358,788</u>

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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -
TO THE STATEMENT OF NET POSITION

June 30, 2015

Total fund balance for governmental funds at June 30, 2015 \$ 2,015,662

Total net position reported for governmental activities in the Statement of Net
Position is different due to the following:

Certain long-term assets are not reported in the fund financial statements
because they are not available to pay current-period expenditures, but
they are reported as assets in the statement of net position.

Deferred outflows - pension related 1,667,348

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds. Those assets consist of:

Capital assets, net of \$1,921,222 accumulated depreciation 475,936

Some liabilities are not due and payable in the current period and, therefore,
are not reported in the governmental funds. Those liabilities consist of:

Compensated absences payable	\$ (403,515)	
Net OPEB Obligation payable	(5,058,652)	
Net pension liability	(4,903,196)	
Deferred inflows- pension related	<u>(1,241,023)</u>	<u>(11,606,386)</u>

Total net position of governmental activities at June 30, 2015 \$ (7,447,440)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

For the Year Ended June 30, 2015

	General Fund
REVENUES	
Licenses and permits	\$ 55,217
Fees, charges, and commissions for services:	
Clerk's supplemental compensation	21,548
Fees for recording legal documents	2,303,408
Fees for certified copies of documents	489,950
Court costs, fees, and charges	3,661,028
Remote internet access	179,406
Passports	87,924
Mortgage certificates	35,476
Birth certificates	14,215
Interest	9,355
Gain on sale of fixed asset	1,870
Total revenues	<u>6,859,397</u>
EXPENDITURES	
Current:	
Judicial:	
Personal services	3,756,018
Employee benefits	2,271,203
Operating services	930,736
Travel and professional development	10,135
Supplies	202,616
Capital outlay	34,726
Debt services	6,663
Total expenditures	<u>7,212,097</u>
EXCESS OF EXPENDITURES OVER REVENUES	(352,700)
FUND BALANCE AT BEGINNING OF YEAR	<u>2,368,362</u>
FUND BALANCE AT END OF YEAR	<u>\$ 2,015,662</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND -
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

Total net changes in fund balances at June 30, 2015 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (352,700)
The change in net position reported for governmental activities in the Statement of Activities is different due to the following:	
Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.	
Non-employer contributions to cost-sharing pension plan	352,137
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.	
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	34,726
Depreciation expense for the year ended June 30, 2015	(104,955)
	<u>(70,229)</u>
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principle of long-term debt consumes current financial resources. This is the amount by which debt service principle payments exceed debt proceeds.	6,251
Net change in OPEB obligation	(994,541)
Pension contribution subsequent to the measurement date	915,005
Pension expense	(725,523)
Government funds do not report the change in compensated absences payable as expenditures. However, this expense is reported in the Statement of Activities.	<u>(20,195)</u>
Total changes in net position at June 30, 2015 per Statement of Activities	<u>\$ (889,795)</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2015

ASSETS

Cash and cash equivalents	<u>\$ 32,949,300</u>
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Total assets	<u><u>\$ 32,949,300</u></u>
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LIABILITIES

Due to general fund	\$ 8,568
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Due to others	<u>32,940,732</u>
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Total liabilities	<u><u>\$ 32,949,300</u></u>
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The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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.

These financial statements present the Calcasieu Parish Clerk of Court as the primary government. As defined by GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Calcasieu Parish Clerk of Court is legally separate and fiscally independent, the Clerk of Court is a separate governmental reporting entity. The police jury maintains and operates the parish courthouse in which the clerk of court's office is located. These transactions between the Clerk of Court and the Police Jury are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

As an independent elected official, the Clerk of Court is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

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

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the 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.

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 fiduciary funds. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Fiduciary funds are reported only in the Statement of Fiduciary Assets at the fund financial statement level.

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the Clerk of Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund is at least 10 percent of the corresponding total for all funds of that category or type.

The Clerk's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Clerk are described as follows:

Governmental Fund Types

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

Fiduciary Fund Type- Agency Funds

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

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Jury Fund - account is to pay jurors who report for Petit and Civil Jury

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

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

The amounts reflected in the governmental fund financial statements, 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.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded in the period in which they are earned.

Expenditures

Expenditures are recorded in the period in which the goods and services are received.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (continued)

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

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. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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 specially 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 and 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.

D. BUDGET PRACTICES

The Clerk of Court uses the following mandated requirements for budget practices:

1. A proposed budget is prepared and submitted to the Clerk of Court.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in cash on hand, demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk 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.

F. BAD DEBTS

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable was made due to immateriality at June 30, 2015.

G. CAPITAL ASSETS

Capital assets are capitalized 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 \$1,000 or more for capitalizing capital assets.

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

Furniture and equipment for 3 to 10 years
Legal document library costs for 40 years

H. LONG-TERM DEBT

All long-term debt to be repaid from governmental resources is reported as liabilities in the governmental-wide statements. The long-term debt consists of notes payable, compensated absences payable and other post-retirement benefits.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to deferred comp time, vacation and sick leave:

All full time employees of the Calcasieu Parish Clerk of Court office earn vacation leave at a rate of 2 to 5 weeks each year, depending upon their length of service. Vacation must be used in the year after it is earned. Sick leave is earned at a rate of one to one and one-half days per month, depending upon length of service. Sick leave may be carried forward from year to year. When employees retire they receive a maximum of thirty days compensation for sick days. The Calcasieu Parish Clerk of Court also offers employees the option of pay for overtime worked or deferred comp time which can be taken at a later date. Employees can begin accruing deferred comp time on Jan 1 of each year thru June 30. The deferred comp time cannot be carried from one calendar year to the next and must be taken by August 31 each year. Between hours 35-40 employees earn regular deferred comp time. After 40 hours deferred comp time is earned as time and one-half. No more than 70 hours can be accrued as deferred comp time in a calendar year per employee.

The cost of leave privileges is recognized as current year expenditure in the general fund when the leave is actually taken. The cost of leave privileges not requiring current resources is reflected in the government-wide financial statements.

At June 30, 2015, employees of the Clerk of Court's office have accumulated \$403,515 in leave privileges; \$143,353 in current liabilities and \$260,162 in long-term liabilities.

J. EQUITY CLASSIFICATIONS

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

1. Investment in capital assets, net of related debt-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.
2. Restricted net position-This amount has constraints placed on the 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.
3. Unrestricted net position- All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. FUND EQUITY

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

In the fund financial statements, governmental fund equity is classified as fund balance. The Clerk of Court adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk is the highest level of decision-making authority for the Clerk of Court's Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Clerk.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Clerk's adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Clerk considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk has provided otherwise in his commitment or assignment actions.

As of June 30, 2015, the Clerk of Court had Unassigned fund balance of \$2,015,662.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. INTERFUND TRANSACTIONS

Interfund transactions are reflected as services provided, reimbursements or transfers. Any residual balances outstanding between the governmental activities and the fiduciary funds are reported in the government-wide financial statements as "Due to or from fiduciary funds". Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or fiduciary funds are netted as part of the reconciliation to the government-wide presentation.

M. ESTIMATES

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

N. CURRENT YEAR ADOPTION OF NEW ACCOUNTING STANDARDS AND
RESTATEMENT OF NET POSITION

The Clerk of Court adopted Government Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions* – and amendment of GASB Statement No. 27, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 68 and 71 is as follows:

	<u>Governmental Activities</u>
Total Net Position June 30, 2014 as previously reported	\$ (1,539,155)
Net Pension Liability at June 30, 2014	(5,834,290)
Deferred Outflows of Resources	<u>815,800</u>
Total Net Position June 30, 2014, restated	<u><u>\$ (6,557,645)</u></u>

2. CASH AND CASH EQUIVALENTS

Under state law, the Clerk may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2015, the Clerk has cash and interest-bearing deposits (book balances) totaling \$35,106,472 as follows:

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

2. CASH AND CASH EQUIVALENTS (continued)

	<u>Governmental</u>	<u>Fiduciary</u>	<u>Total</u>
Demand deposits	\$ 1,374,718	32,549,300	\$ 33,924,018
Petty cash	4,350	-	4,350
Time deposits	778,347	400,000	1,178,347
	<u>\$ 2,157,415</u>	<u>\$ 32,949,300</u>	<u>\$ 35,106,715</u>

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

Custodial credit risk: For deposits is the risk that in the event of the failure of a depository financial institution, the Clerk deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair 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 fair 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. The following is a summary of deposit balances (bank balances) at June 30, 2015, and the related federal insurance and pledged securities:

Bank balances	<u>\$ 35,626,226</u>
Federal insurance	\$ 750,000
Pledged securities	39,184,723
Total federal insurance and pledged securities	<u>\$ 39,934,723</u>

As of June 30, 2015, the Clerk's total bank balances were fully insured and collateralized with securities held in the name of the Clerk by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Interest Rate Risk: The Clerk'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's certificates of deposit 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 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.

3. RECEIVABLES

The accounts receivable balance as of June 30, 2015 was \$176,531. This balance consists of charges for services of \$176,463, and accrued interest of \$68.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities				
Furniture and equipment	\$ 1,908,674	\$ 34,726	\$ -	\$ 1,943,400
Legal document library	453,758	-	-	453,758
	<u>2,362,432</u>	<u>34,726</u>	<u>-</u>	<u>2,397,158</u>
Less accumulated depreciation	(1,815,771)	(105,451)	-	(1,921,222)
Capital assets, net	<u>\$ 546,661</u>	<u>\$ (70,725)</u>	<u>\$ -</u>	<u>\$ 475,936</u>

Depreciation expense of \$105,451 was charged to the general government function.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	<u>General Fund</u>
Accounts payable	\$ 248,992
Payroll liabilities	80,403
	<u>\$ 329,395</u>

6. OPERATING LEASE COMMITMENT

The Clerk of Court is currently leasing a warehouse building, a vehicle, and equipment, which is considered operating leases. The lease terms range from 36 to 60 months. These leases require a total monthly payment of \$6,247. Total rent expense under these leases for the year ended June 30, 2015 was \$60,375.

Future minimum operating lease commitments are as follows:

Year Ending June 30,	
2016	52,873
2017	27,917
2018	25,888
2019	22,908
2020-2025	3,818
Total	<u>\$ 133,404</u>

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

7. CAPITAL LEASE COMMITMENT

The Clerk of Court has entered into certain capital lease agreements under which the related computers can be purchased by the Clerk of Court at a bargain purchase of \$1 when all terms of the lease agreements are met. The lease terms are for 36 months and require a total monthly payment (principal and interest) of \$1,097. These leases were paid off during the year ended June 30, 2015.

Computers and related accumulated amortization under capital lease are as follows:

	Governmental
	Activities
Computers	\$ 36,378
Less: Accum Depreciation	(20,856)
Net Value	<u>\$ 15,521</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

8. PENSION PLAN

Substantially all employees of the Calcasieu 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.

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.

The Clerk's office implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for

Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. These standards require the Clerk's office to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

PLAN DESCRIPTION:

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

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

Retirement Benefits:

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

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

Disability Benefits:

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

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

Disability Benefits (continued):

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.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. 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. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees).

The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. 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 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.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

Employer Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2014, the actual employer contribution rate was 18.50%. For the year ended June 30, 2014, the actuarially determined employer contribution rate was 18.43%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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.

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Calcasieu Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 19% of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Calcasieu 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 Clerk's contributions to the system for the years ending June 30, 2015, 2014, and 2013, were \$915,005, \$815,800, and \$759,723, respectively, equal to the required contributions for each year.

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

At June 30, 2015, the Clerk reported a liability of \$4,903,196 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Clerk's proportion was 3.63506%, which was a decrease of 0.10289% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Clerk recognized pension expense of \$725,523. The Clerk recognized revenue of \$352,137 as its proportionate share of non-employer contributions for the year ended June 30, 2015.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

At June 30, 2015, 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	\$ -	\$ 99,416
Change of assumptions	435,033	-
Net difference between projected and actual earnings on pension plan investment	-	1,141,607
Change in proportion and differences between Employer contributions and proportionate share of contribution	317,310	-
Employer contributions subsequent to the measurement date	915,005	-
Total	<u>\$ 1,667,348</u>	<u>\$ 1,241,023</u>

The Clerk reported a total of \$915,005 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2014 which will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,

2016	\$ (167,507)
2017	\$ (167,507)
2018	\$ (167,507)
	<u>\$ (502,521)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 is as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

Actuarial Assumptions:

Expected Remaining Service Lives	5 years
Investment Rate of Return	7.25%, net of investment expense, including inflation
Projected salary increases	5.75% (2.75% inflation, 3% merit)
Mortality	RP-2000 Combined Healthy Mortality Table (set back 3 years for males and 1 year for females) /RP-2000 Disabled Lives Mortality Table
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.
Change in Valuation Methods and Assumptions	The valuation interest rate was lowered from 7.5% to 7.25% for the year ended June 30, 2014.

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, 2004 through June 30, 2009. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 7.25%. 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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

8. PENSION PLAN (continued)

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.25%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

Changes in Discount Rate:		
2014		
	Current	
	Discount	
1%	Rate	1%
Decrease	Increase	
6.25%	7.25%	8.25%
Net Pension Liability	<u>\$ 7,514,421</u>	<u>\$ 4,903,196</u> <u>\$ 2,682,620</u>

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The Calcasieu Parish Clerk of Court provides certain healthcare and life insurance benefits for retired employees. Substantially all of the Clerk's employees become eligible for these benefits if they reach normal retirement age while working for the Clerk. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by employees and the Clerk. The Clerk recognizes the cost of providing these benefits as expenditures when the monthly premiums are due.

The GASB has issued Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which changes the accounting for post-employment benefits (e.g., payments made by the Clerk for retiree insurance). As required, management has implemented the new standard for the year ending June 30, 2010.

The plan is required to have an Actuarial evaluation every three years. Some information furnished below is from the most current actuarial evaluation done November 14, 2013.

For the fiscal year ending June 30, 2015, the Clerk of Court's portion of health care funding cost for retired employees totaled \$281,520. These amounts were applied toward the Net OPEB Benefit Obligations as shown on the following page.

Annual Required Contribution: the Clerk of Court's Annual Required Contribution is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Liability (UAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB43/45) has been used for the post-employment benefits. The total ARC for the fiscal year

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

ending June 30, 2015 is \$1,247,922 for post-employment benefits, as set forth below. The table below also shows the Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending June 30, 2015, \$5,058,652.

OPEB Cost	
Normal Cost	\$ 696,920
Minimum Amortization of UAL	508,802
Interest	42,200
Annual Required Contribution	1,247,922
ARC Adjustment	(135,334)
Year 3 assumption of annual cost	-
Interest Adjustment to Net OPEB Obligation	142,101
OPEB Cost	<u>1,254,689</u>
Contributions Made	(260,148)
Prior year adjustment to Net OPEB Obligation	-
Increase in Net OPEB Obligation	<u>994,541</u>
Net OPEB Obligation - beginning of year	4,064,111
Net OPEB Obligation - end of year	<u><u>\$ 5,058,652</u></u>

The Calcasieu Parish Clerk of Court's annual OPEB cost contributed to the plan using the pay-as-you-go method and the net OPEB obligation for the fiscal year ended June 30, 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 1,243,872	19.20%	\$ 3,050,396
6/30/2014	\$ 1,247,558	18.74%	\$ 4,064,111
6/30/2015	\$ 1,254,689	20.73%	\$ 5,058,652

Funded Status and Funding Progress: During fiscal year 2013, the Calcasieu Parish Clerk of Court did not establish a fund for trusts to accumulate and invest assets necessary to pay for the accumulated liability; these financial statements assume the pay-as-you-go funding will continue. Since no contributions were made, the Calcasieu Parish Clerk of Court's entire actuarial accrued liability of \$13,271,153 was unfunded.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

9. OTHER POST-EMPLOYMENT BENEFITS (continued)

The funded status of the plan, as determined by an actuary as of July 1, 2012 was as follows:

Actuarial Valuation Date	7/1/2012
Actuarial Value of Assets	\$ -
Actuarial Accrued Liability	13,271,153
Unfunded Actuarial Liability	<u>\$ 13,271,153</u>
Funded Ratio	0%
Annualized Covered Payroll	2,997,852
Ratio of Unfunded Actuarial Liability to Annual Covered Payroll	442.7%
Actuarial Cost Method	Entry-Age Normal

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 benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

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 future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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.

In the July 1, 2012 Calcasieu Parish Clerk of Court's actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 3.5% investment rate of return. The CCRRF retirement and withdrawal (turnover) tables were used and they were adjusted to produce an average number of retirements and turnover that is consistent with the Clerk's recent experience. The RP-2000 Combined Healthy Mortality Table was used in making actuarial assumptions which is consistent with the CCRRF pension plan valuation. The valuation assumes a 12.5% healthcare cost trend increase (including 4.5% dental) for fiscal year 2014-2015 reduced by varying increments in each subsequent year.

10. DEFERRED COMPENSATION PLAN

The Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. The plan, available to all Clerk of Court's employees, permits the employees to defer a portion of their salary until future years. The Clerk of Court matches 50% of employee contributions. The Clerk of Court's contribution to the plan amounted to \$113,471 for the year ended June 30, 2015.

Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

Notes to the Financial Statements

11. RISK MANAGEMENT

The Clerk of Court is exposed to risks of loss in the areas of auto liability, professional liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

12. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits for the year ended June 30, 2015 follows:

	Unsettled Deposits at <u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	Unsettled Deposits at End of <u>Year</u>
Agency Funds				
Advance Deposit	\$ 23,503,010	\$ 11,405,707	\$ 5,741,117	\$ 29,167,600
Registry of Court	2,536,936	1,692,708	558,810	3,670,834
Other Fiduciary Funds	99,081	55,940	44,155	110,866
Totals	<u>\$ 26,139,027</u>	<u>\$ 13,154,355</u>	<u>\$ 6,344,082</u>	<u>\$ 32,949,300</u>

13. EXPENDITURES PAID BY OR TO THE CALCASIEU PARISH POLICE JURY

The Clerk of Court's office is located in the Calcasieu Parish Courthouse. The Police Jury pays the upkeep and maintenance of the courthouse. These expenditures are not reflected in the accompanying financial statements.

Expenditures related to judge's secretary fees and telephone expense totaling \$7,910 were paid to the Police Jury as of June 30, 2015.

14. COMMITMENTS

At year end, the Clerk had no commitments outstanding.

15. LITIGATION AND CLAIMS

The Clerk of Court's office is not involved in any material matters of pending or threatened litigation as of June 30, 2015.

16. SUBSEQUENT EVENTS

The Clerk evaluated its June 30, 2015 financial statements for subsequent events through December 8, 2015, the date the financial statements were available to be issued. The Clerk is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Required Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2015

	GENERAL FUND			
	BUDGET		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Passports	\$ 87,827	\$ 86,092	\$ 87,924	\$ 1,832
Licenses and permits	75,000	80,726	55,217	(25,509)
Fees, charges, and commissions for services:				
Clerk's supplemental compensation	21,000	21,545	21,548	3
Fees for recording legal documents	1,928,512	2,034,362	2,303,408	269,046
Fees for certified copies of documents	486,926	486,681	489,950	3,269
Court costs, fees, and charges	3,943,292	3,595,603	3,661,028	65,425
Remote internet access	190,453	179,463	179,406	(57)
Mortgage certificates	40,303	35,125	35,476	351
Birth Certificates	-	-	14,215	-
Non-support	390,163	402,130	-	(402,130)
Interest	1,000	382	9,355	8,973
Miscellaneous income	11,524	1,200	1,870	670
Total revenues	7,176,000	6,923,309	6,859,397	(63,912)
EXPENDITURES				
General Government-Judicial				
Personal services	3,814,985	3,893,203	3,756,018	137,185
Operating services	1,008,677	973,213	930,736	42,477
Employee benefits	1,985,015	2,185,383	2,271,203	(85,820)
Travel and professional development	25,838	23,942	10,135	13,807
Supplies	165,485	167,614	202,616	(35,002)
Capital outlay	50,000	31,158	34,726	(3,568)
Debt services	-	-	6,663	(6,663)
Total expenditures	7,050,000	7,274,513	7,212,097	62,416
EXCESS OF EXPENDITURES OVER REVENUES	126,000	(351,204)	(352,700)	(1,496)
FUND BALANCE AT BEGINNING OF YEAR	2,368,362	2,368,362	2,368,362	-
FUND BALANCE AT END OF YEAR	\$ 2,494,362	\$ 2,017,158	\$ 2,015,662	\$ (1,496)

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF FUNDING PROGRESS OF OPEB PLAN

For the Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL ((UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
7/1/2009	\$ -	\$9,017,612	\$9,017,612	0%	\$3,168,688	284.6%
7/1/2012	\$ -	\$13,271,153	\$13,271,153	0%	\$2,997,852	442.7%

The accompanying notes are an integral part of this financial statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2015

Louisiana Clerks' of Court Retirement and Relief Fund:

Employers Proportion of the Net Pension Liability (Assets)	3.635050%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,903,196
Employer's Covered-Employee Payroll	\$ 2,997,852
Employer's Proportionate share of the Net Pension Liability (Asset) as a Percentage of it's Covered-Employee Payroll	163.5570%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.3714%

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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2015

Louisiana Clerks' of Court Retirement and Relief Fund:

Contractually required contribution	569,592
Contribution in relation to contractually required contributions	<u>915,005</u>
Contribution deficiency (excess)	345,413
Employer's Covered Employee Payroll	2,997,852
Contribution as a % of Covered Employee Payroll	19.00000%

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

Other Supplemental Information

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2015

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ASSETS				
Cash and cash equivalents	\$ 29,167,601	\$ 3,670,833	\$ 110,866	\$ 32,949,300
Total assets	<u>\$ 29,167,601</u>	<u>\$ 3,670,833</u>	<u>\$ 110,866</u>	<u>\$ 32,949,300</u>
LIABILITIES				
Due to general fund	\$ 8,568	\$ -	\$ -	\$ 8,568
Due to others	<u>29,158,064</u>	<u>3,671,834</u>	<u>110,834</u>	<u>32,940,732</u>
Total liabilities	<u>\$ 29,166,632</u>	<u>\$ 3,671,834</u>	<u>\$ 110,834</u>	<u>\$ 32,949,300</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended June 30, 2015

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ADDITIONS				
Deposits:				
Suits and successions	\$ 11,405,470	\$ -	\$ 55,909	\$ 11,461,379
Judgments	-	1,691,254	-	1,691,254
Interest	-	1,454	31	1,485
Total additions	11,405,470	1,692,708	55,940	13,154,118
DEDUCTIONS				
Distributed to litigants	1,180,193	558,810	-	1,739,003
Clerk's costs	3,425,359	-	18,314	3,443,673
Sheriff's fees	477,536	-	4,907	482,443
Women's shelter fees	-	-	8,090	8,090
Interest to General Fund	(8,343)	-	-	(8,343)
Other deductions	666,372	-	12,844	679,216
Total deductions	5,741,117	558,810	44,155	6,344,082
NET CHANGE	5,664,353	1,133,898	11,785	6,810,036
Balances at beginning of year	23,502,279	2,537,936	99,049	26,139,264
Balances at end of year	<u>\$ 29,166,632</u>	<u>\$ 3,671,834</u>	<u>\$ 110,834</u>	<u>\$ 32,949,300</u>

The accompanying notes are an integral part of this statement.

Calcasieu Parish Clerk of Court

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2015

Agency Head Name: Lynn Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 151,013
Benefits-insurance	15,488
Benefits-retirement	41,151
Benefits- deferred compensation	6,000
Benefits- election custodian	2,400
Vehicle provided by government	1,200
Communication/ Technology	2,846
Per diem	1,150
Travel	360
Registration fees	1,100
Conference travel	748
	<u>\$ 223,456</u>

The accompanying notes are an integral part of this financial statement.



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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ALEXIS H. O'NEAL

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*

To the Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 8, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Calcasieu Parish Clerk of Court's internal control over financial reporting 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 Calcasieu Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Calcasieu 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 Calcasieu 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.

A handwritten signature in blue ink that reads "Langley, Williams & Co., LLC". The signature is written in a cursive, stylized font.

Langley, Williams & Co., LLC

Lake Charles, Louisiana

December 8, 2015

CALCASIEU PARISH CLERK OF COURT
Lake Charles, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued	Unqualified
---------------------------------	-------------

Internal control over financial reporting:

- | | |
|---|------------|
| • Material weaknesses identified? | No |
| • Significant deficiency identified not considered to be material weaknesses? | None noted |

Noncompliance material to financial statements noted?	No
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2. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2015.

There were no findings identified during the fiscal year ended June 30, 2015.

3. Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards for fiscal year ended June 30, 2014.

There were no findings identified during the fiscal year ended June 30, 2014.



Langley, Williams & Company, L.L.C.

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To the Honorable Lynn Jones
Calcasieu Parish Clerk of Court

In planning and performing our audit of the financial statements of the Calcasieu Parish Clerk of Court as of and for the year ended June 30, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Calcasieu Parish Clerk of Court's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency and they are as followed:

June 30, 2015

None

June 30, 2014

- **Comment 2014-01(ML)** - The Clerk does not maintain an adequate accounts payable system. An accurate listing of open payables is not available as a tool for management to properly manage trade accounts payable, which resulted in an understatement of accounts payable. In performing our test of accounts payable, we found that there were a number of invoices that were for fiscal year ended 2014 that were not listed in the accounts payable listing that was provided to us. We also found a number of invoices that were for the next fiscal year ended 2015 that were incorrectly listed in the accounts payable listing. This is a reoccurring finding from last year. Last year we recommended that the Clerk use their existing computer system to process and manage accounts payable. We again are making the same recommendation. We also found expense items that related to fiscal year 2014 as well as future fiscal years. As such, the portion of the expense that related to 2014 should have been expensed and the portion that related to future fiscal years should have been accrued for as a prepaid expense. We recommend that the Clerk monitor expense items that overlap fiscal years as this helps to ensure proper cutoff. The Clerk agreed with our recommendation. He has requested the bookkeeper to begin using the accounts payable capabilities in the accounting software system and to record expenses in the proper accounting periods.

Correction action taken: The Clerk's bookkeeper has started using the accounts payable function in the bookkeeping software to record accounts payable. The bookkeeper is monitoring payables to make sure that they are recorded in the correct period.

- **Comment 2014-02(ML)** - During testing of the Registry cash receipts, we noted that there is no review process of cash receipts received vs cash receipts deposited in the bank. This is a reoccurring finding from last year. We recommend that the budget director reconcile cash received to the deposit slip and the deposit slip to the deposit receipt received by the bank. The Clerk agreed with our recommendation.

Correction action taken: The Clerk implemented a process that reviewed and reconciled cash received to the deposit slip and the deposit slip to the deposit receipt received by the bank.

- **Comment 2014-03(ML)** - During our testing of cash receipts for the General Fund, we noted that no one reviews and signs off on Veronica Allison's daily teller sheet. In prior years Veronica was the only employee at the Sulphur satellite office; however, two additional employees were added during 2014, one being a supervisor from the main office. We recommend having one of the two additional employees review and sign off on Veronica's daily teller sheet, following the same procedures as the main office. The Clerk agreed with our recommendation.

Correction action taken: The Clerk implemented a system where all teller sheets were reviewed and signed off on a daily basis.

We previously reported on the Company's internal control in our letter dated December 8, 2015. A separate letter dated December 8, 2015 contains our communication of significant deficiencies or material weaknesses in the Company's internal control. This letter does not affect our report dated December 8, 2015 on the financial statements of the Calcasieu Parish Clerk of Court.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Company personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,



Langley Williams & Co, LLC
Lake Charles, Louisiana
December 8, 2015