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**MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
June 30, 1996
With Supplemental Information Schedules**

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 1996
With Supplemental Information Schedules

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Independent Auditor's Report

MOREHOUSE PARISH CLERK OF COURT Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Clerk of Court, as of June 30, 1996, and for of the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Morehouse Parish Clerk of Court's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Morehouse Parish Clerk of Court. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

MEMBER AMERICAN
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PRACTICE LIMITED TO
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MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana
Independent Auditor's Report,
June 30, 1996

In accordance with *Government Auditing Standards*, I have also issued reports dated July 22, 1996, on the Morehouse Parish Clerk of Court's compliance with laws, regulations, and contracts, and my consideration of the agency's internal control structure.

A handwritten signature in black ink, appearing to read 'James L. ...', is written over the typed name 'James L. ...'.

West Monroe, Louisiana
July 24, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Combined Balance Sheet, June 30, 1996

	GOVERNMENTAL FUND TYPE - GENERAL FUND	FIDUCIARY FUND TYPE - AGENCY FUNDS	...ACCOUNT GROUPS... GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMORANDUM ONLY)
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$67,910	\$292,463			\$360,373
Receivables	11,900	15,047			26,947
Due from Advance Deposit Fund	80,814				80,814
Office furnishings and equipment			\$271,932		271,932
Amount to be provided for retirement of general long-term obligations				\$6,449	6,449
TOTAL ASSETS AND OTHER DEBITS	<u>\$160,624</u>	<u>\$307,510</u>	<u>\$271,932</u>	<u>\$6,449</u>	<u>\$746,515</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$8,182				\$8,182
Due to General Fund		\$80,814			80,814
Deposits due others		226,696			226,696
Compensated absences payable				\$6,449	6,449
Total Liabilities	<u>8,182</u>	<u>307,510</u>	<u>NONE</u>	<u>6,449</u>	<u>322,141</u>
Fund Equity:					
Investment in general fixed assets			\$271,932		271,932
Fund balance - unreserved - undesignated	152,442				152,442
Total Fund Equity	<u>152,442</u>	<u>NONE</u>	<u>271,932</u>	<u>NONE</u>	<u>424,374</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$160,624</u>	<u>\$307,510</u>	<u>\$271,932</u>	<u>\$6,449</u>	<u>\$746,515</u>

The accompanying notes are an integral part of this statement

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended June 30, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Licenses and permits - marriage licenses	\$5,600	\$5,750	\$150
Intergovernmental revenues - state funds - clerk's supplemental compensation	9,000	9,000	
Fees, charges, and commissions for services:			
Court costs, fees, and charges	198,100	205,108	7,008
Fees for recording legal documents	158,000	152,964	(5,036)
Fees for certified copies of documents	33,400	33,112	(288)
Criminal fees	21,950	21,336	(614)
Other	49,522	49,949	427
Use of money and property - interest earnings	13,500	13,365	(135)
Other	19,275	18,717	(558)
Total revenues	<u>508,347</u>	<u>509,301</u>	<u>954</u>
EXPENDITURES			
General government - judicial:			
Current:			
Personal services and related benefits	411,515	415,287	(3,772)
Operating services	37,789	40,441	(2,652)
Materials and supplies	25,120	32,296	(7,176)
Travel and other charges	42,848	41,313	1,535
Debt service		659	(659)
Capital outlay	14,232	13,852	380
Total expenditures	<u>531,504</u>	<u>543,848</u>	<u>(12,344)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(23,157)	(34,547)	(11,390)
FUND BALANCE AT BEGINNING OF THE YEAR	<u>113,748</u>	<u>186,989</u>	<u>73,241</u>
FUND BALANCE AT END OF THE YEAR	<u>\$90,591</u>	<u>\$152,442</u>	<u>\$61,851</u>

(Concluded)

The accompanying notes are an integral part of this statement.

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 shall have other duties and powers provided by law. The clerk of court is elected for a term of four years.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Morehouse Parish Police Jury is the financial reporting entity for Morehouse Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Morehouse Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. 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 police jury does not appoint a voting majority but are fiscally dependent on the police jury.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

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 police jury maintains and operates the parish courthouse in which the clerk of court's office is located and provides partial funding for equipment, furniture and supplies of the clerk of court's office, the clerk of court was determined to be a component unit of the Morehouse Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the clerk of court and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. FUND ACCOUNTING

The clerk of court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The clerk of court'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:

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the clerk of court 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 Funds - Agency Funds

The Advance Deposit and Registry of Court agency funds are used to account for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. FIXED ASSETS AND LONG-TERM OBLIGATIONS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. General fixed assets provided by the parish police jury are recorded in the general fixed assets account group. Approximately 14 per cent of fixed assets are valued at estimated historical costs based on the actual costs of like items while the remaining 86 per cent are based on actual historical costs. No depreciation has been provided on general fixed assets.

Long-term obligations, such as installment purchases and capital leases payable are recognized as a liability of a governmental fund only when due. The remaining portion of such obligations is reported in the general long-term obligations account group.

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

The modified accrual basis of accounting is used for reporting all governmental and fiduciary fund types. 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 be used to pay liabilities of the current period. The clerk of court uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

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

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

Substantially all other revenues are recognized when received by the clerk of court.

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

Expenditures

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

E. BUDGET PRACTICES

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Morehouse Parish Clerk's office during the month of June for comments from taxpayers. The budget is then legally adopted by the clerk and amended during the year, as necessary. The budget is established and controlled by the clerk at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. Encumbrance accounting is not utilized by the clerk.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

F. CASH AND CASH EQUIVALENTS

Under state law, the clerk of court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1996, the clerk of court has cash and cash equivalents (book balances) totaling \$460,373, as follows:

Petty Cash	\$150
Demand Deposits	220,223
Time Deposits	<u>140,000</u>
Total	<u>\$360,373</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. Cash and cash equivalents (bank balances) at June 30, 1996, are secured as follows:

Bank Balances	<u>\$236,363</u>
Federal deposit insurance	\$331,363
Pledged securities (uncollateralized)	<u>295,958</u>
Total	<u>\$627,321</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the clerk, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106; however, 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.

MOREHOUSE PARISH CLERK OF COURT
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

G. VACATION AND SICK LEAVE

All employees of the clerk of court's office earn from ten to fifteen days of vacation leave each year, depending on length of service. Vacation leave must be taken during the year earned. All employees of the clerk's office earn ten days of sick leave annually. Sick leave may be accumulated and carried forward to the succeeding calendar year. Under the clerk's current policy, employees are paid for accumulated sick leave upon termination of employment.

At June 30, 1996, employees had accumulated and vested \$6,449 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded within the general long-term obligations account group.

The cost of leave privileges, computed in accordance with the previous codification, is recognized as a current year expenditure within the governmental funds when leave is actually taken or when employees are paid for accrued leave under the conditions previously outlined.

H. TOTAL COLUMN ON THE BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. RECEIVABLES

The receivables of \$26,947 as of June 30, 1996, are as follows:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Agency Funds</u>	<u>Total</u>
Suits and successions		\$15,047	\$15,047
Recordings, Cancellations, Mortgages, etc	\$9,864		9,864
Court Attendance	280		280
Criminal Fees	<u>1,756</u>		<u>1,756</u>
Total	<u>\$11,900</u>	<u>\$15,047</u>	<u>\$26,947</u>

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
Notes to the Financial Statements (Continued)

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in office furnishings and equipment follows:

Balance, July 1, 1995	\$258,080
Additions	13,852
Deletions	<u>NONE</u>
Balance, June 30, 1996	<u>\$271,932</u>

4. PENSION PLAN

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

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

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 (504) 293-1162.

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Morehouse Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Morehouse Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Morehouse Parish Clerk of Court's contributions to the System for the years ending June 30, 1996, 1995, and 1994, were \$32,557, \$49,840, and \$38,761, respectively, equal to the required contributions for each year.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Notes to the Financial Statements (Continued)

5. POST RETIREMENT BENEFITS

The Morehouse Parish Clerk of Court provides certain health care 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 of court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the clerk of court. The clerk of court recognizes the cost of providing these benefits (the clerk's cost of premiums) as an expenditure when the premiums are due, which was \$30,986 for the year ended June 30, 1996. Of that amount, \$4,285 was for retiree benefits.

6. SPECIAL TERMINATION BENEFITS

In accordance with the sick leave policy discussed in note 1 (G), payment for accumulated sick leave to a terminated employee of \$6,340 was paid during the year ended June 30, 1996. The amount is included in personal services expenditures of the General Fund on Statement B.

7. INSTALLMENT PURCHASE

On June 22, 1990, the clerk of court entered into an agreement with Lanier Worldwide, Inc., for the purchase of equipment. The equipment had an initial purchase price of \$9,619. The agreement provided for an initial down payment of \$934 with the remaining balance of \$8,685 to be paid over twenty quarterly payments of \$682, including interest. The final payment was made on July 1, 1995.

8. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of general long-term obligations transactions for the year ended June 30, 1996:

	<u>Installment Purchase</u>	<u>Compensated Absences</u>	<u>Total</u>
Long-term obligations at July 1, 1995	\$659	\$4,396	\$5,055
Additions		7,036	7,036
Deductions	<u>(659)</u>	<u>(4,983)</u>	<u>(5,642)</u>
Long-term obligations at June 30, 1996	<u>NONE</u>	<u>\$6,449</u>	<u>\$6,449</u>

All general long-term obligations are fulfilled by the General Fund. The beginning balance has been adjusted to include accumulated sick leave benefits due to an amendment to the personnel policy effective January 1, 1995.

MOREHOUSE PARISH CLERK OF COURT
 Bastrop, Louisiana
 Notes to the Financial Statements (Continued)

9. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund balances deposits due others follows:

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
Balance, July 1, 1995	\$137,665	\$67,226	\$204,891
Additions	418,923	164,421	583,344
Reductions	<u>(474,227)</u>	<u>(87,312)</u>	<u>(561,539)</u>
Balance June 30, 1996	<u>\$82,361</u>	<u>\$144,335</u>	<u>\$226,696</u>

10. LITIGATION AND CLAIMS

The Morehouse Parish Clerk of Court is not involved in any litigation at June 30, 1996, nor is the clerk aware of any unasserted claims.

**11. EXPENDITURES OF THE CLERK OF COURT
 PAID BY THE PARISH POLICE JURY**

The Morehouse Parish Clerk of Court's office is located in the parish courthouse. The cost of maintaining and operating the courthouse, as required by Louisiana Revised Statute 33:4715, is paid by the Morehouse Parish Police Jury. Expenditures for capital outlay totaling \$420 were also paid by the police jury for the year ended June 30, 1996.

12. CHANGE IN ELECTED OFFICIAL

Effective June 30, 1996, the term of office of Clerk of Court Lillian R. Boyd expired. As a result of elections held in 1995, Clerk of Court Jamie Patrick assumed office effective July 1, 1996.

SUPPLEMENTAL INFORMATION SCHEDULES

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended June 30, 1996

FIDUCIARY FUND TYPE - AGENCY FUNDS

ADVANCE DEPOSIT FUND

The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, accounts for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

REGISTRY OF COURT FUND

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, accounts for funds which have been ordered by the court to be held until judgement has been rendered in court litigation. Withdrawals of the funds can be made only upon order of the court.

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Balance Sheet, June 30, 1996

	<u>ADVANCE DEPOSIT FUND</u>	<u>REGISTRY OF COURT FUND</u>	<u>TOTAL</u>
ASSETS			
Cash	\$148,128	\$144,335	\$292,463
Receivables	<u>15,047</u>	<u> </u>	<u>15,047</u>
TOTAL ASSETS	<u>\$163,175</u>	<u>\$144,335</u>	<u>\$307,510</u>
LIABILITIES			
Due to General Fund	\$80,814		\$80,814
Due to Others	<u>82,361</u>	<u>\$144,335</u>	<u>226,696</u>
TOTAL LIABILITIES	<u>\$163,175</u>	<u>\$144,335</u>	<u>\$307,510</u>

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana
FIDUCIARY FUND TYPE - AGENCY FUNDS

Combining Schedule of Changes in Unsettled
Balances Due to Taxing Bodies and Others
For the Year Ended June 30, 1996

	<u>ADVANCE DEPOSIT FUND</u>	<u>REGISTRY OF COURT FUND</u>	<u>TOTAL</u>
UNSETTLED DEPOSITS DUE TO OTHERS AT BEGINNING OF YEAR	<u>\$137,665</u>	<u>\$67,226</u>	<u>\$204,891</u>
ADDITIONS			
Deposits in suits	418,923	162,282	581,205
Interest earned in investments		2,139	2,139
Total additions	<u>418,923</u>	<u>164,421</u>	<u>583,344</u>
Total	<u>556,588</u>	<u>231,647</u>	<u>788,235</u>
REDUCTIONS			
Clerk's costs (transferred to General Fund)	204,785		204,785
Deposits settled to:			
Litigants	126,712	87,312	214,024
Appraisers, curators, and keepers	6,206		6,206
Sheriff	35,135		35,135
Other reductions	101,389		101,389
Total reductions	<u>474,227</u>	<u>87,312</u>	<u>561,539</u>
UNSETTLED DEPOSITS DUE TO OTHERS AT END OF YEAR	<u>\$82,361</u>	<u>\$144,335</u>	<u>\$226,696</u>

**Independent Auditor's Reports Required
by *Government Auditing Standards***

The following independent auditor's reports on compliance with laws, regulations, and contracts, and internal control structure are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.



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INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance With Laws, Regulations, and Contracts

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Clerk of Court as of June 30, 1996, and for the year then ended, and have issued my report thereon dated July 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. Those standards and the audit guide require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Morehouse Parish Clerk of Court, is the responsibility of the Morehouse Parish Clerk of Court's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Morehouse Parish Clerk of Court's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or contracts that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instance of noncompliance.

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana
Independent Auditor's Report
on Compliance, etc.,
June 30, 1996

Need to Follow Compensated Leave Policies

Finding: The clerk's office paid some employees for leave in excess of amounts to which they were entitled. Article VII, Section 14, of the Louisiana Constitution prohibit the donation of anything of value (money) to any individual, except as specifically provided by law. I noted the following actions which I consider to be violations of that Section.

One employee received paid sick leave of 37.25 hours or \$599 in July of 1995 after her accumulated sick leave hours were exhausted. A balance of 7.5 hours of accumulated annual leave was applied against the deficiency, leaving a balance of 29.75 hours or \$478. The deficiency was not carried forward to the January 1, 1996 balance. It was also noted that another employee received 35 hours or \$497 in compensated annual leave during the period from July 1 to December 31, 1995 in excess of that to which she was entitled. The deficiency was carried forward to 1996. Another employee received compensation for 27.75 hours of annual leave and 5.25 hours of sick leave or a total of \$281 in excess of that to which she was entitled. Those deficiencies were also carried forward into 1996 and were liquidated with current leave earnings.

Another employee of the office received compensated annual leave time of 65.25 hours or \$641 in August of 1995 in excess of accumulated leave available. The clerk's office, at that time, applied 39 hours of accumulated sick leave time that the employee had against the excess annual leave usage however, the leave policy did not provide for that action nor was the available sick leave time sufficient to eliminate the deficiency. At January 1, 1996, the start of a new leave year, the employee's annual leave record had a beginning balance of zero with 70 hours added for earned leave. Between January 1 and June 30, 1996, the employee took 102.25 hours of paid annual leave which was 32.25 hours or \$317 in excess of available leave. The same employee's sick leave record showed a January 1, 1996, balance forward of zero with 70 hours added for earned leave. From January 1 to June 30, 1996, the employee earned 2 additional sick leave hours due to overtime and was on sick leave for 92.75 hours. This exceeded available sick leave time by 20.75 hours however, the 39 hours discussed in the first sentence should have been brought forward from 1995 and would have left the employee with 18.25 hours or \$179 of sick leave at June 30, 1996. The net effect of the above is that the employee received \$779 of annual and sick leave benefits in excess of amounts earned.

Prior to January 1, 1995, the clerk's leave policy provided that earned sick leave could be accumulated and carried forward to succeeding years however, employees could not be paid for such accumulated leave upon termination or retirement. Effective January 1, 1995, the policy was amended to provide that employees would be paid for accumulated sick leave upon termination or retirement. The effect of the policy change would be effective on that date and would not apply to any sick leave earned and

MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

Independent Auditor's Report

on Compliance, etc.,

June 30, 1996

accumulated prior to that date. Any sick leave earned and unused before January 1, 1995, could only be used for actual sick leave and the employee could not be paid for any balance at her end of employment, as was the policy in effect when the leave was earned. At January 1, 1995 one employee's sick leave balance brought forward was 455.75 hours and was credited with 70 hours for earned leave. During the period from January 1 to June 30, 1996, the employee was charged with 37 hours of sick leave. Assuming a first-earned first-used basis, at the end of her employment on June 30, 1996, the employee was entitled to be paid for 140 hours of sick leave or \$2,276. The employee received payment for 383.75 hours or \$6,240. This was 243.75 hours or \$3,964 in excess of what the employee was entitled to receive.

Recommendation: The sick leave balance of the first employee discussed in the second paragraph should be reduced by 29.75 hours to correct the error made in 1995. It should be determined that the deficiencies of the other two employees discussed in the second paragraph have been liquidated.

With regard to the employees discussed in the third and fourth paragraphs, the clerk should consult with legal counsel to determine the correct course of action.

The clerk should ensure that all annual and sick leave policies are followed and that no employee is paid in excess of that to which they are entitled.

Management's Response: The newly elected clerk of court stated that the above recommendations concerning the excess payments would be followed. He further stated that he has established his own annual and sick leave policy and that no employee will be paid for any leave in excess to that to which they are entitled.

I considered this instance of noncompliance in forming my opinion on whether the clerk's 1996 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated July 24, 1996 on those general purpose financial statements.

This report is intended for the information of the Morehouse Parish Clerk of Court. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

July 24, 1996



**Independent Auditor's Report
on the Internal Control Structure**

MOREHOUSE PARISH CLERK OF COURT
Bastrop, Louisiana

I have audited the general purpose financial statements of the Morehouse Parish Clerk of Court as of June 30, 1996, and for the year in the then ended, and have issued my report thereon dated July 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Morehouse Parish Clerk of Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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MOREHOUSE PARISH CLERK OF COURT

Bastrop, Louisiana

**Independent Auditor's Report
on Internal Control Structure,
June 30, 1996**

In planning and performing my audit of the general purpose financial statements of the Morehouse Parish Clerk of Court for the year ended June 30, 1996, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the clerk of court's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Need to Perform Physical Inventory
of Fixed Assets**

Finding: No physical inventory was performed as of June 30, 1996 in connection with the change in elected official. Proper internal control procedures dictate that physical inventories be performed at regular intervals. Lack of the performance of a physical inventory increases the risk of loss of assets and misstatement of the general fixed asset account group.

Recommendation: I recommend that a complete inventory of all assets be taken immediately. I further recommend that an inventory be taken at least annually thereafter.

Management's Response: The newly elected clerk of court stated that he would conduct the necessary inventory immediately and annually in the future.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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Independent Auditor's Report
on Internal Control Structure,
June 30, 1996

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses as defined above. However, I do not consider the reportable condition described above to be a material weakness.

This report is intended for the information of the Morehouse Parish Clerk of Court. This is not intended to limit the distribution of this report, which is a matter of public record.



West Monroe, Louisiana

July 24, 1996