

BEAUREGARD PARISH CLERK OF COURT, LOUISIANA

ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana, a component unit of the Beauregard Parish Police Jury, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the clerk's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, on page 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 4, 2013, on my consideration of the Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Beauregard Parish Clerk of Court, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
November 4, 2013

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2013

	Governmental Activities
<hr/>	
ASSETS	
Cash	\$ 950,766
Accounts receivable	54,283
Capital assets, net	85,432
Total assets	<u>\$ 1,090,481</u>
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid insurance	\$ 17,784
Total assets and deferred outflows of resources	<u>\$ 1,108,265</u>
LIABILITIES	
Accounts payable	\$ 9,935
Payroll taxes payable	23
Due to advance deposit fund	425
Total liabilities	<u>\$ 10,383</u>
NET POSITION	
Net investment in capital assets	\$ 85,432
Unrestricted	1,012,450
Total net position	<u>\$ 1,097,882</u>
Total liabilities and net position	<u>\$ 1,108,265</u>

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2013

		Program Revenues	Net (Expenses)
		Fees, Charges and	Revenues and
	Expenses	Commissions for	Changes in Net
		Services	Position
			Governmental
			Activities
Program Activities			
Governmental activities:			
Judiciary	\$ 1,188,339	\$ 1,408,046	\$ 219,707
General revenues:			
Investment earnings			\$ 3,355
Total general revenues			\$ 3,355
Change in net position			\$ 223,062
Net position at beginning of year			874,820
Net position at end of year			\$ 1,097,882

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>
ASSETS	
Assets:	
Cash	\$ 950,766
Accounts receivable	54,283
Total assets	<u>\$ 1,005,049</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows:	
Prepaid insurance	\$ 17,784
Total assets and deferred outflows of resources	<u><u>\$ 1,022,833</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 9,935
Payroll taxes payable	23
Due to advance deposit fund	425
Total liabilities	<u>\$ 10,383</u>
Fund Balances:	
Unassigned	\$ 994,666
Nonspendable	
Not in spendable form	17,784
Total fund balances	<u>\$ 1,012,450</u>
Total liabilities and fund balances	<u><u>\$ 1,022,833</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2013

Total fund balance - total governmental funds	\$ 1,012,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	<u>85,432</u>
Net assets of governmental activities	<u><u>\$ 1,097,882</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	<u>General Fund</u>
Revenues	
Recordings	\$ 474,191
Cancellations	15,787
Mortgage certificates	16,802
Marriage licenses	7,975
Notary fees	5,077
Election fees	10,022
Fees on suits and successions	473,383
Court attendance	6,275
Certified copies	192,117
Criminal and traffic court fees	94,672
Qualifying fees	1,740
Child support enforcement fees	29,401
UCC certificates and filing	59,604
Investment income	3,355
Clerk's supplemental pay	<u>21,000</u>
Total revenues	<u>\$ 1,411,401</u>
Expenditures	
Judiciary:	
Personal services	\$ 540,308
Personal service related benefits	398,842
Travel and professional development	3,454
Operating services	109,836
Supplies	<u>118,524</u>
Total expenditures	<u>\$ 1,170,964</u>
Net change in fund balance	\$ 240,437
Fund balances at beginning of year	<u>772,013</u>
Fund balances at end of year	<u><u>\$ 1,012,450</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 240,437
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	<u>(17,375)</u>
Change in net position of governmental activities	<u>\$ 223,062</u>

The accompanying notes are an integral part of this statement.

Statement of Fiduciary Net Position
June 30, 2013

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 729,000	\$ 6,277,558	\$ 7,006,558
Accounts receivable	6,704	-	6,704
Due from general fund	425	-	425
Total assets	<u>\$ 736,129</u>	<u>\$ 6,277,558</u>	<u>\$ 7,013,687</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 6,545	\$ -	\$ 6,545
Held for others pending court action	729,584	6,277,558	7,007,142
Total liabilities	<u>\$ 736,129</u>	<u>\$ 6,277,558</u>	<u>\$ 7,013,687</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
for the Year Ended June 30, 2013

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and successions	\$ 706,530	\$ 5,950,346	\$ 6,656,876
Child support	30,381	-	30,381
Interest income	<u>160</u>	<u>1,445</u>	<u>1,605</u>
Total additions	<u>\$ 737,071</u>	<u>\$ 5,951,791</u>	<u>\$ 6,688,862</u>
DEDUCTIONS:			
Clerk's cost (paid to general fund)	\$ 468,859	\$ -	\$ 468,859
Settlements to litigants	87,461	4,858	92,319
Sheriff's fees	68,979	-	68,979
Commissioner of insurance	220	-	220
Attorneys, curators, notary	6,052	-	6,052
Judges' supplement fund	23,181	-	23,181
Secretary of state fees	925	-	925
Other fees	5,646	-	5,646
Child support	30,381	-	30,381
Judicial expense	10,210	-	10,210
Court reporter	1,788	-	1,788
Witness fees	<u>80</u>	<u>-</u>	<u>80</u>
Total deductions	<u>\$ 703,782</u>	<u>\$ 4,858</u>	<u>\$ 708,640</u>
Change in liabilities	\$ 33,289	\$ 5,946,933	\$ 5,980,222
Liabilities at beginning of year	<u>702,840</u>	<u>330,625</u>	<u>1,033,465</u>
Liabilities at end of year	<u><u>\$ 736,129</u></u>	<u><u>\$ 6,277,558</u></u>	<u><u>\$ 7,013,687</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Beauregard Parish Clerk of Court, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

B. Reporting Entity

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

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

C. Fund Accounting

The clerk uses funds to maintain his financial records during the year. Fund accounting is designated to demonstrate legal compliance and to aid management by segregating transactions related to certain clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

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

General Fund – the primary operating fund of the clerk and it accounts for all financial resources, except for those in another fund. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to clerk policy.

Fiduciary Funds

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

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

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

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

Revenues

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

Expenditures

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

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

Government-Wide Financial Statements (GWFS)

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

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

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

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

Notes to the Financial Statements (Continued)

E. Budgets

The clerk uses the following budget practices:

The clerk's proposed budget for the 2012-2013 fiscal year was made available for public inspection at the clerk's office on or before June 15, 2012. The proposed budget was prepared on the modified accrual basis of accounting and was published in the official journal before the public hearing. The budget hearing was held at the clerk's office on or before June 15, 2012. The budget was legally adopted and amended, as necessary, by the clerk. All appropriations lapse at year-end.

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

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2013:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 1,111,831	\$ 1,118,406	\$ 1,170,964	\$ 52,558

E. Cash and Cash Equivalents

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

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

G. Short-Term Interfund Receivables/Payables

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

H. Prepaid Items

Prepaid items consist of insurance premiums paid in advance and clerk's retirement fund paid in advance for terms extending into the subsequent year.

I. Capital Assets

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

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

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

J. Vacation, Sick Leave and Holidays

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

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

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

As of June 30, 2013 no vacation or sick leave had been accumulated or was vested by employees.

K. Fund Equity

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

R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office. At June 30, 2013, there was no amount due the parish treasurer as this was not the last year of the clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.

L. Extraordinary and Special Items

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

M. Estimates

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

N. Fund Balance

- | | |
|--------------|---|
| Nonspendable | The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. As for the Beauregard Parish Clerk of Court, Louisiana the nonspendable fund balance consist of prepaid amounts of insurance premiums. |
| Unassigned | Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. |

Notes to the Financial Statements (Continued)

2. CASH AND CASH EQUIVALENTS

At June 30, 2013, the clerk of court has cash and cash equivalents (book balances) totaling \$1,679,766 as follows:

Money market accounts	\$ 171,239
Interest bearing demand deposits	525,774
Time deposits	424,391
Demand deposits	557,762
Petty cash	600
Total	<u>\$ 1,679,766</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. 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.

At June 30, 2013, the clerk of court has \$1,779,553 in deposits (collected bank balances). These deposits are secured from risk by \$921,239 of federal deposit insurance and \$730,025 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$128,289 is not secured by the pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 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. Other items relating to cash and cash equivalents are located at Note 1F.

3. RECEIVABLES

The receivables of \$60,987 at June 30, 2013, are as follows:

Class of receivable	General Fund	Advance Deposit Fund	Total
Recordings	\$ 7,534	\$ -	\$ 7,534
Cancellations	2,215	-	2,215
Mortgage certificates	10,170	-	10,170
Criminal and traffic court fees	7,614	-	7,614
Certified copies	1,843	-	1,843
UCC certificates	4,502	-	4,502
Child support enforcement fees	6,544	6,704	13,248
Marginal notations	30	-	30
Fees on suits and successions	13,831	-	13,831
Total	<u>\$ 54,283</u>	<u>\$ 6,704</u>	<u>\$ 60,987</u>

Notes to the Financial Statements (Continued)

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2013, for the clerk of court is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets being depreciated				
Vehicles	\$ 30,056	\$ -	\$ -	\$ 30,056
Furniture and fixtures	51,030	-	-	51,030
Machinery and equipment	498,177	-	-	498,177
Total capital assets being depreciated	<u>579,263</u>	<u>-</u>	<u>-</u>	<u>579,263</u>
Less accumulated depreciation for:				
Vehicles	3,006	6,011	-	9,017
Furniture and fixtures	51,030	-	-	51,030
Machinery and equipment	422,420	11,364	-	433,784
Total accumulated depreciation	<u>476,456</u>	<u>17,375</u>	<u>-</u>	<u>493,831</u>
Total capital assets being depreciated, net	<u>\$ 102,807</u>	<u>\$ (17,375)</u>	<u>\$ -</u>	<u>\$ 85,432</u>

Depreciation expense of \$17,375 for the year ended June 30, 2013, was charged to the following governmental functions:

Judiciary	<u>\$ 17,375</u>
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5. ACCOUNTS PAYABLE

The payables of \$16,662 at June 30, 2013, are as follows:

	General Fund	Advance Deposit Fund	Total
Accounts payable	\$ 9,935	\$ 6,704	\$ 16,639
Payroll taxes	23	-	23
Total	<u>\$ 9,958</u>	<u>\$ 6,704</u>	<u>\$ 16,662</u>

6. PREPAID EXPENSES

The prepaid expenses of \$17,784 at June 30, 2013 are as follows:

	General Fund
Prepaid health insurance	<u>\$ 17,784</u>

7. PENSION PLANS

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

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

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

Funding Policy- Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Beauregard Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Beauregard Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Beauregard Parish Clerk of Court's contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$87,847, \$82,474, and \$81,733, respectively, equal to the required contributions for each year.

State of Louisiana, Public Employees Deferred Compensation Plan

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

The Louisiana Deferred Compensation Plan provides state, parish and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal or state income tax on their contributions. In addition, interest or earnings on the account accumulates tax-deferred. Participants may join the plan with as little as \$10 per pay period, \$20 per month, and contribute up to 100% of taxable compensation, not to exceed \$17,000 and \$17,500 per calendar years for 2012 and 2013 respectively. Additionally if age 50 or older an additional amount may be deferred (up to \$5,500 and \$5,500 per calendar years 2012 and 2013 respectively) above the annual deferral limit.

A special "catch up" provision may be used to invest up to \$15,000 per year for three years prior to retirement. Any amount excluded from gross income through salary reduction under a 403(b) annuity, a 401(k) profit-sharing plan or a Simplified Employee Pension (SEP) is to be treated as amounts deferred under this deferred compensation plan. Participants joining the Plan may choose the amount to contribute and the investment option(s). They may revise their choice at any time, transfer monies to other available investment options and may increase, decrease or stop

deferrals any time. The Plan offers both a guaranteed option and variable investment options, from which participants may select a fund or combination of funds to satisfy their personal investment objectives. Each of the funds has independent investment objectives and utilizes different investment strategies. With the exception of the Great-West Guaranteed Fund, the remaining investment options are variable in nature. Values of the variable options are not guaranteed as to a fixed dollar amount and may increase or decrease according to the investment experience of the underlying portfolio. The expense to administer the Plan is borne by all participants. The

Notes to the Financial Statements (Concluded)

administrative fee is .85% and is assessed on each of the options selected. The variable options also have investment management fees that vary based upon the option chosen. Both the administrative and investment management fees are calculated and deducted daily on a pro-rata basis. There are no annual contract charges or transaction charges. At retirement, 100% of the account value will be applied to any of the following settlement options chosen. These options include among others:

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

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

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

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

9. CUSTODIAL CREDIT RISK EXPOSURE

The Registry of Court Fund maintains separate bank accounts for pending lawsuits of individuals and businesses. The accounts are in the name of the individuals and businesses involved in the suits and are not considered public funds, therefore no securities are pledged by the bank for amounts over the federal deposit insurance limit. As of June 30, 2013 one account in the amount of \$5,835,832 was over the federal deposit insurance limit and had no securities pledged for the excess since this money is not public funds and does not belong to the clerk. Even though this account is not the clerk's money and is not public funds the clerk could have some potential exposure to custodial credit risk (bank balance not covered by depository insurance) in the case of a bank failure. As of the report release date the bank had pledged securities to cover the excess funds over the FDIC limit.

10. INTERFUND RECEIVABLES/PAYABLES

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

Due from General Fund	Due to Advance Deposit Fund
\$ 425	\$ 425

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Budget to GAAP	Actual Amount
	Original	Final	Budgetary Basis	differences over (under)	GAAP Basis
Revenues					
Recordings	\$ 417,000	\$ 488,000	\$ 474,191	\$ (13,809)	\$ 474,191
Cancellations	14,800	15,800	15,787	(13)	15,787
Mortgage certificates	20,500	20,000	16,802	(3,198)	16,802
Marriage licenses	9,500	8,500	7,975	(525)	7,975
Notary fees	6,000	5,300	5,077	(223)	5,077
Election fees	8,589	10,000	10,022	22	10,022
Fees on suits and successions	411,600	506,000	473,383	(32,617)	473,383
Court attendance	5,800	5,600	6,275	675	6,275
Certified copies	230,900	201,000	192,117	(8,883)	192,117
Criminal cost and traffic court fees	96,500	95,500	94,672	(828)	94,672
Qualifying fees	10,000	2,080	1,740	(340)	1,740
Child support enforcement fees	37,000	24,200	29,401	5,201	29,401
UCC certificates and filings	58,800	59,000	59,604	604	59,604
Investment income	200	250	3,355	3,105	3,355
Clerks supplemental pay	20,900	21,000	21,000	-	21,000
Total revenues	<u>\$ 1,348,089</u>	<u>\$ 1,462,230</u>	<u>\$ 1,411,401</u>	<u>\$ (50,829)</u>	<u>\$ 1,411,401</u>
Expenditures					
Judiciary:					
Personal services	\$ 546,601	\$ 540,576	\$ 540,308	\$ 268	\$ 540,308
Personal service related benefits	362,430	362,000	398,842	(36,842)	398,842
Travel and professional development	3,000	4,000	3,454	546	3,454
Operating services	93,800	85,830	109,836	(24,006)	109,836
Supplies	96,000	116,000	118,524	(2,524)	118,524
Capital outlay	10,000	10,000	-	10,000	-
Total expenditures	<u>\$ 1,111,831</u>	<u>\$ 1,118,406</u>	<u>\$ 1,170,964</u>	<u>\$ (52,558)</u>	<u>\$ 1,170,964</u>
Net change in fund balance	\$ 236,258	\$ 343,824	\$ 240,437	\$ (103,387)	\$ 240,437
Fund balances at beginning of year	<u>574,616</u>	<u>772,013</u>	<u>772,013</u>	<u>-</u>	<u>772,013</u>
Fund balances at end of year	<u><u>\$ 810,874</u></u>	<u><u>\$ 1,115,837</u></u>	<u><u>\$ 1,012,450</u></u>	<u><u>\$ (103,387)</u></u>	<u><u>\$ 1,012,450</u></u>

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended June 30, 2013

There were no prior year audit findings reported as of June 30, 2012.

Schedule of Current Year Audit Findings
and Management's Response
Year Ended June 30, 2013

Finding-Financial Statement AuditAudit Finding No. 2013-1Deposits at local bank not collateralized by pledged securities

Condition:	There were \$128,289 of deposits at a local bank that had no federal deposit insurance or securities pledged as collateral.
Criteria:	According to state law any deposit over the Federal Deposit Insurance Corporation's (FDIC) allowed limit must be secured by securities owned by the bank and pledged to the entity as collateral.
Cause and Condition:	When the clerk's deposits at the local bank exceeded the FDIC coverage limit of \$250,000 it was not noted by the bank and securities were not pledged for the excess.
Effect of Condition:	The district had \$128,289 of deposits that had no FDIC coverage or securities pledged to secure the deposits. This is a violation of state law.
Recommendation:	Since this was not a fault of the clerk, I recommend that the clerk continue to monitor the pledged securities that are used as collateral and make sure that these securities are enough to cover deposits at all times. It was noted that as of the audit report release date securities had been pledged by the bank for these deposits.



BRIAN S. LESTAGE
Beauregard Parish Clerk of Court
Thirty-Sixth Judicial District Court
Sandy Hyde, Chief Deputy

P.O. Box 100
DeRidder, Louisiana 70634

(337) 463-8595
Fax (337) 462-3916

Nov. 8, 2013

Daryl G. Purpera, CPA
Louisiana Legislative Auditor
1600 North Third St.
Baton Rouge, LA 70804

Dear Mr. Purpera,

We have just completed our annual audit. In addressing the one finding below. Please be advised that I will begin contacting the local bank to be sure that it has our funds secured by a pledge of securities or federal deposit insurance as collateral.

Sincerely,

Brian S. Lestage
Clerk of Court

John A. Windham, CPA

A Professional Corporation

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Beauregard Parish Clerk of Court, Louisiana as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Beauregard Parish Clerk of Court, Louisiana's basic financial statements, and have issued my report thereon dated November 4, 2013.

Internal Control over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Beauregard Parish Clerk of Court, Louisiana's financial statements are free from material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current year audit findings and management's response as item Audit Finding No. 2013-1.

Beauregard Parish Clerk of Court, Louisiana's Response to Findings

Beauregard Parish Clerk of Court, Louisiana's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Beauregard Parish Clerk of Court, Louisiana's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



DeRidder, Louisiana
November 4, 2013