

CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 20 2012**

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

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WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable Gary Loftin
Caddo Parish Clerk of Court
Shreveport, Louisiana

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Caddo Parish Clerk of Court (Clerk of Court), Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2011, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Caddo Parish Clerk of Court's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 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 Caddo Parish Clerk of Court, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 29, 2012, on my consideration of the Caddo Parish Clerk of Court'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 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* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 34 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

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 inquiries 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Clerk of Court's financial statements as a whole. The accompanying financial information listed as "Other Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Caddo Parish Clerk of Court, Shreveport, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
March 29, 2012

REQUIRED SUPPLEMENTAL INFORMATION- PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

GARY LOFTIN CLERK OF COURT

Mike Spence
Chief Deputy

Caddo Parish Courthouse
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As management of the Caddo Parish Clerk of Court, Shreveport, Louisiana, (hereafter referred to as the Clerk of Court) we offer the readers of the Clerk of Court's financial statements this narrative overview and analysis of the financial activities of the Clerk of Court as of and for the year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the Clerk of Court's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources

FINANCIAL HIGHLIGHTS

At June 30, 2011, the assets of the Clerk of Court exceeded liabilities by \$3,397,908 (net assets), a decrease of \$1,881,016 (35.63%) compared to the prior year's ending net assets of \$5,278,924

Ending net assets of \$2,853,119 (83.97%) are reported as "unrestricted net assets" and represent the amount available to be used to meet ongoing obligations to the citizens of Caddo Parish at the discretion of the Clerk of Court.

During the year ended June 30, 2011, the Clerk of Court expended \$414,484 converting documents to a digital format to improve document retention and retrieval

During the fiscal year ended June 30, 2011, the Clerk of Court recognized \$1,798,447 in costs for post employment benefits as required by GASB Statement No 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Clerk of Court's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Clerk of Court's financial position, which assists users in assessing the Clerk of Court's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most

"Where The Public Comes First"

businesses. These statements report all revenues and expenses connected with the year even if cash has not been received or paid and include all assets of the Clerk of Court as well as all liabilities. The government-wide financial statements include two statements:

- **The *statement of net assets*** presents all of the Clerk of Court's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in the Clerk of Court's net assets may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or deteriorating.
- **The *statement of activities*** presents information showing how the Clerk of Court's net assets changed during the most recent year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

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

Fund Financial Statements

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

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

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

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

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

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

- *Fiduciary funds* Fiduciary funds, which consist solely of agency funds, are used to account for resources held for the benefit of parties outside of the government. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The Clerk of Court's fiduciary activities are reported in a separate statement of fiduciary net assets and a schedule of changes in fiduciary unsettled deposits. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the Clerk of Court's own programs. The fiduciary funds use the accrual basis of accounting.

Notes to the Financial Statements

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

Required Supplementary Information

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

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

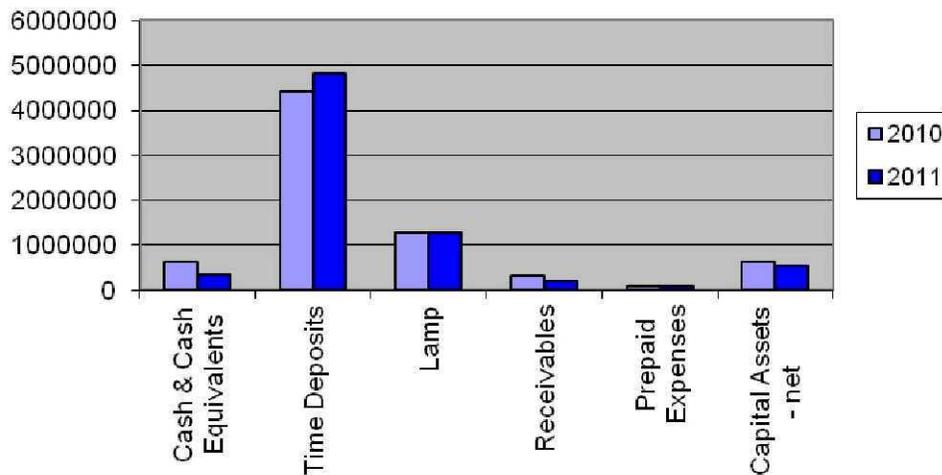
Net assets may serve over time as a useful indicator of the Clerk of Court's financial position. The Clerk of Court's assets exceeded liabilities by \$3,397,908 and \$5,278,924 as of June 30, 2011 and 2010 respectively.

The Clerk of Court continues to maintain a high level of liquidity with \$5,166,498 (152.05%) of the Clerk of Court's net assets invested in demand deposits and certificates of deposit with various financial institutions as of June 30, 2010 compared to \$5,054,766 (95.75%) of net assets in the prior period. The Clerk of Court also has deposits with the Louisiana Asset Management Pool, Inc. totaling \$1,275,000 (37.52%) of net assets at June 30, 2011 compared to similar deposits of \$1,275,000 (24.15%) of net assets as of June 30, 2010. All certificates of deposit have maturities of one year or less when purchased and deposits with the Louisiana Asset Management Pool, Inc. may be withdrawn at any time without penalty. The Clerk of Court had combined cash, cash equivalents, and investments of \$6,441,498 (189.57%) of net assets and \$6,331,075 (119.93%) of net assets at June 30, 2011 and 2010, respectively.

At June 30, 2011, \$544,789 (16.03%) of the of the Clerk of Court’s net assets reflects capital assets with a historical cost of \$2,218,366 and accumulated depreciation of \$1,673,577 compared to \$628,371 (11.90%) of net assets with a historical cost of \$2,162,125 and accumulated depreciation of \$1,533,754 for the prior year.

The largest portion of the Clerk’s net assets, \$2,853,119 (83.97%) as of June 30, 2011 and \$4,650,553 (88.10%) as of June 30, 2010, is unrestricted and may be used to meet the Clerk’s ongoing obligations to the citizens of Caddo Parish.

Assets of Governmental Activities



Caddo Parish Clerk of Court's Net Assets

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets	\$ 641,816	\$ 1,052,066
Investments	6,100,000	5,700,000
Capital assets, net of accumulated depreciation	544,789	628,371
Total assets	<u>7,286,605</u>	<u>7,380,437</u>
Long-term liabilities outstanding	3,769,218	1,970,771
Other liabilities	119,479	130,742
Total liabilities	<u>3,888,697</u>	<u>2,101,513</u>
Net Assets:		
Invested in capital assets, net of related debt	544,789	628,371
Unrestricted	2,853,119	4,650,553
Total net assets	<u>\$ 3,397,908</u>	<u>\$ 5,278,924</u>

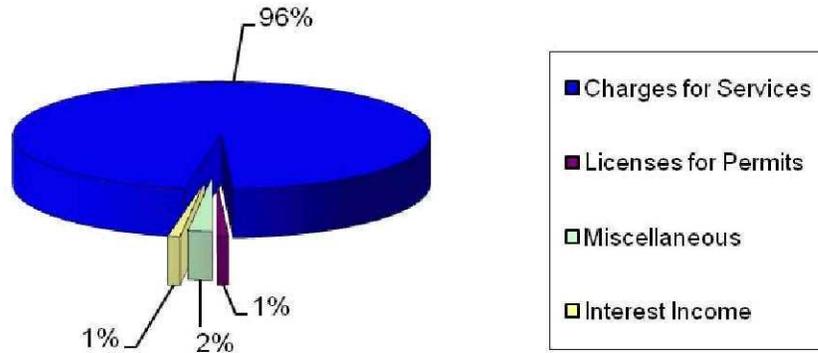
Changes in Net Assets

The Clerk of Court's net assets decreased by \$1,881,016 or 35.63% during the year ended June 30, 2011 compared to a decrease of \$879,384 or 14.28% during the prior year. Approximately 97.20% (\$6,818,365) of the Clerk of Court's total revenues were derived through charges for services and licenses and permits in 2011 compared to 95.12% (\$7,113,846) in 2010. Expenses incurred by the Clerk of Court are primarily for the provision of legal recordings for the citizens of the First Judicial District, Caddo Parish, Louisiana. Approximately 78.76% (\$7,005,928) of the Clerk of Court's expenses are for salaries and related payroll taxes and employee benefits during the year ended June 30, 2011 compared to 83.30% (\$6,961,884) during the prior year. In 2011, governmental activities program expenses exceeded program revenues by \$2,077,135.

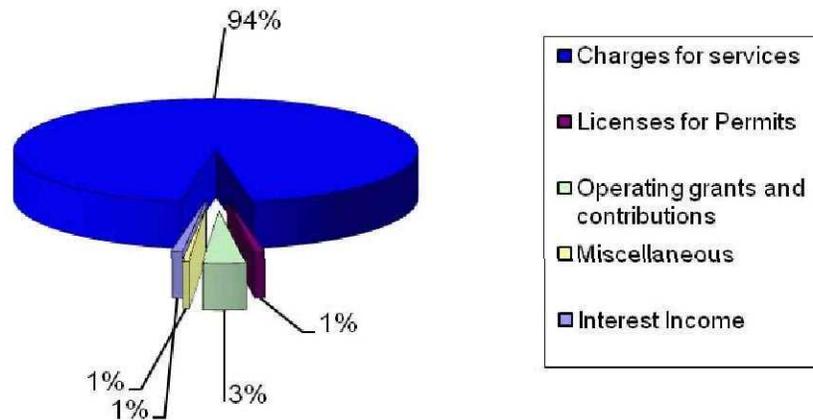
Caddo Parish Clerk of Court's Changes in Net Assets Governmental Activities

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 6,818,365	\$ 7,113,846
Operating grants and contributions	-	257,526
General revenues:		
Interest	65,753	68,820
Miscellaneous	130,366	38,227
Total revenues	<u>7,014,484</u>	<u>7,478,419</u>
Expenses:		
Judiciary	<u>8,895,500</u>	<u>8,357,803</u>
Increase (decrease) in net assets	<u>(1,881,016)</u>	<u>(879,384)</u>
Net assets, beginning of year	<u>5,278,924</u>	<u>6,158,308</u>
Net assets, end of year	<u><u>\$ 3,397,908</u></u>	<u><u>\$ 5,278,924</u></u>

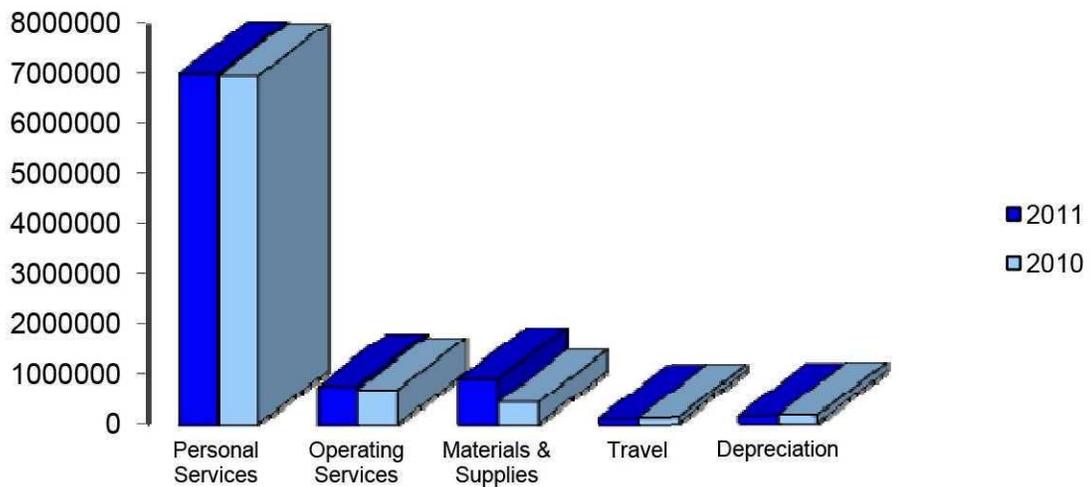
Total 2011 Revenues of Governmental Activities



Total 2010 Revenues of Governmental Activities



Total Expenses of Governmental Activities



FINANCIAL ANALYSIS OF THE CLERK'S INDIVIDUAL FUNDS

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

Governmental Funds

The focus of the Clerk of Court's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Clerk of Court's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Clerk of Court's net resources available for spending at the end of the year. As of the end of the year, the Clerk of Court's governmental fund (general fund) reported an ending fund balance of \$6,611,559 an increase of \$5,998 (.01%) compared to the prior year. A total of \$6,527,354 (98.73%) of the ending fund balance is unassigned and is available for spending in the coming year while \$84,205 (1.27%) is non-spendable and represents amounts expended for prepaid items.

The general fund is the operating fund of the Clerk of Court. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned general fund balance as of June 30, 2011 (\$6,527,354) represents 93.07% of the total general fund expenditures (\$7,013,471) for the year ended June 30, 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Clerk of Court complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39.1301 et seq.)

The Clerk of Court's budget was amended on June 13, 2011 because revenues received for court costs, fees and charges and copies were less than originally budgeted and the amounts actually paid for materials and supplies were significantly more than anticipated in the original budget.

The actual expenditures were \$627 greater than the final budgeted amounts.

Revenues available for expenditure were \$16,267 above the final budgeted amounts.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Clerk of Court's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$2,218,366, net of accumulated depreciation of \$1,673,577, leaving a book value of \$544,789. This investment in capital assets consists of improvements to the office building, office equipment and furniture and fixtures.

In terms of historical cost, the Clerk of Court's investment in capital assets increased \$56,241, about 2.60%, during 2011. Actual costs to construct and purchase capital assets were \$56,241 in 2011 compared to \$112,752 during 2010.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended June 30, 2012 was prepared

- Revenues are expected to remain consistent with the prior year
- Expenditures for personal services and related benefits are expected to increase approximately 4% during 2012.
- Other expenditures are expected to remain consistent with the prior year

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT WIDE FINANCIAL STATEMENTS

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

**Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 341,498
Investments	6,100,000
Receivables	216,113
Prepaid expenses	84,205
Capital assets, net of accumulated depreciation	<u>544,789</u>
Total Assets	<u><u>7,286,605</u></u>
Liabilities	
Accounts payable	27,101
Payroll deductions payable	11,634
Compensated absences payable	80,744
Noncurrent liabilities	
Other postemployment obligations	<u>3,769,218</u>
Total Liabilities	<u><u>3,888,697</u></u>
Net Assets	
Invested in capital assets, net of related debt	544,789
Unrestricted	<u>2,853,119</u>
Total Net Assets	<u><u>\$ 3,397,908</u></u>

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

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

**Statement of Activities
For the Year Ended June 30, 2011**

	<u>Governmental Activities</u>
Expenses:	
Judiciary	
Personal services and related benefits	\$ 7,005,928
Operating services	754,852
Materials and supplies	884,962
Travel and other charges	109,935
Depreciation	<u>139,823</u>
Total Expenses	<u>8,895,500</u>
 Program Revenues:	
Charges for services:	
Court costs, fees and charges	3,558,513
Fees for recording legal documents	2,614,120
Fees for certified copies of documents	584,912
Licenses and permits	<u>60,820</u>
Total charges for services	<u>6,818,365</u>
Total Program Revenues	<u>6,818,365</u>
 Net Program Revenues (Expenses)	<u>(2,077,135)</u>
 General Revenues:	
Miscellaneous	130,366
Use of money and property - interest income	<u>65,753</u>
Total General Revenues	<u>196,119</u>
 Change in Net Assets	(1,881,016)
Net Assets at Beginning of Year	<u>5,278,924</u>
Net Assets at End of Year	<u><u>\$ 3,397,908</u></u>

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

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

**Balance Sheet – Governmental Fund
June 30, 2011**

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 341,498
Investments	6,100,000
Receivables	205,335
Prepaid expenditures	84,205
Total Assets	<u><u>\$6,731,038</u></u>
Liabilities and Fund Balance	
Liabilities	
Accounts payable	\$ 27,101
Payroll deductions payable	11,634
Compensated absences payable	80,744
Total liabilities	<u>119,479</u>
Fund Balance:	
Nonspendable	
Prepaid items	84,205
Unassigned	6,527,354
Total fund balance	<u>6,611,559</u>
Total Liabilities and Fund Balance	<u><u>\$6,731,038</u></u>

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

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

**Reconciliation of Fund Balance on the Balance Sheet for Governmental Fund
To Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2011**

Fund Balance - Governmental Fund		\$6,611,559
 Amounts reported for governmental activities in the statement of net assets are different because		
 In the governmental fund, interest income on time deposits is recognized when the time deposits have matured and the income is available. In the government-wide statements, interest income is recognized as it is earned		
Add- accrued interest		10,778
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Add - capital assets	\$2,218,366	
Deduct - accumulated depreciation	<u>(1,673,577)</u>	
		544,789
 Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund		
Other postemployment obligations liability		<u>(3,769,218)</u>
Net Assets of Governmental Activities		<u><u>\$3,397,908</u></u>

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

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

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2011**

	<u>General Fund</u>
Revenues	
Fees, charges, and commissions for services	
Court costs, fees and charges	\$3,558,513
Fees for recording legal documents	2,614,120
Fees for certified copies of documents	584,912
Licenses and permits	60,820
Miscellaneous	130,367
Use of money and property - interest income	<u>70,737</u>
Total Revenues	<u>7,019,469</u>
Expenditures	
Judiciary	
Current.	
Personal services and related benefits	5,207,481
Materials and supplies	884,962
Operating services	754,852
Travel and other charges	109,935
Capital outlay	<u>56,241</u>
Total Expenditures	<u>7,013,471</u>
Net Change in Fund Balance	5,998
Fund Balance at Beginning of Year	<u>6,605,561</u>
Fund Balance at End of Year	<u><u>\$6,611,559</u></u>

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

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2011**

Net Change in Fund Balance- Governmental Fund		\$ 5,998
<p>Amounts reported for governmental activities in the statement of activities are different because</p>		
<p>Governmental funds report interest income on time deposits when the time deposits have matured and the income is available. However, in the statement of activities the amount of the accrued interest is reported as revenue</p>		
Accrued interest on time deposits - current year	\$ 10,778	
Accrued interest on time deposits - prior year	<u>(15,763)</u>	(4,985)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period</p>		
Capital outlay	56,241	
Depreciation expense	<u>(139,823)</u>	(83,582)
<p>The net change in the liability for postemployment benefits is reported in the government-wide statements, but not in the governmental fund statements</p>		
		<u>(1,798,447)</u>
Change in Net Assets of Governmental Activities		<u><u>\$(1,881,016)</u></u>

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

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

**Statement of Fiduciary Net Assets
June 30, 2011**

	Jury Cost Fund	Advance Deposit Fund	Registry of Court Fund	Court Reporter Fund	Total
Assets					
Cash and cash equivalents	\$ 54,061	\$ 426,593	\$ 2,118,208	\$ 51,209	\$ 2,650,071
Investments	1,303,000	2,150,000	2,500	-	3,455,500
Total Assets	\$ 1,357,061	\$ 2,576,593	\$ 2,120,708	\$ 51,209	\$ 6,105,571
Liabilities					
Unsettled deposits	\$ 1,357,061	\$ 2,576,593	\$ 2,120,708	\$ 51,209	6,105,571
Total Liabilities	\$ 1,357,061	\$ 2,576,593	\$ 2,120,708	\$ 51,209	\$ 6,105,571

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

NOTES TO THE FINANCIAL STATEMENTS

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

**Notes to the Financial Statements
June 30, 2011**

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

B. REPORTING ENTITY

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

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

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

C. FUND ACCOUNTING

The Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued):

Governmental Funds

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

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

Fiduciary Funds

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

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

Fund Financial Statements (FFS)

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

**CADDO PARISH CLERK OF COURT
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**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Fund Financial Statements (FFS) (Continued)

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

Revenues

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

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

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

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

Expenditures

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

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

Capital outlays are reported at the time purchased

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING – (Continued)

Government-wide Financial Statements (GWFS)

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

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

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

E. BUDGET PRACTICES

The proposed budget for the June 30, 2011, fiscal year was made available for public inspection at the Clerk of Court's office on June 3, 2010. The proposed budget, prepared on the cash basis of accounting, was published in the official journal ten days before the public hearing. The budget hearing was held at the Clerk's office on June 14, 2010. The budget is legally adopted and amended, as necessary, by the Clerk of Court. The final amended budget was adopted on June 13, 2011. All appropriations lapse at year-end.

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. ENCUMBRANCES

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

G. CASH AND CASH EQUIVALENTS

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

H. INVESTMENTS

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

I. RECEIVABLES

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

J. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

K. CAPITAL ASSETS AND DEPRECIATION

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. CAPITAL ASSETS AND DEPRECIATION – (Continued)

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

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

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

L. COMPENSATED ABSENCES

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

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

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

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET ASSETS AND FUND EQUITY

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

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

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

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

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

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

**Notes to the Financial Statements
June 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. NET ASSETS AND FUND EQUITY – (Continued)

R S 13 785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk's last year of his term of office. The amount owed to the parish treasurer under R S 13 785 is limited to no more than the funds provided by the parish treasurer under provisions of R S 13 784 (A) to help defray the costs of capital assets and record books during the Clerk of Court's four year term. At June 30, 2011, there was no amount due to the parish treasurer.

N. USE OF ESTIMATES

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

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At June 30, 2011, the Clerk of Court had cash and cash equivalents (book balances) totaling \$2,991,569 as follows:

	<u>Governmental Fund</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash	\$ 1,300	\$ -	\$ 1,300
Demand deposits	340,198	2,650,071	2,990,269
	<u>\$ 341,498</u>	<u>\$ 2,650,071</u>	<u>\$ 2,991,569</u>

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

**Notes to the Financial Statements
June 30, 2011**

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

Investments

At June 30, 2011, the Clerk of Court had investments (book balances) totaling \$9,555,500 as follows

	Governmental Fund	Fiduciary Funds	Total
Time Deposits	\$ 4,825,000	\$ 2,055,500	\$ 6,880,500
LAMP	1,275,000	1,400,000	2,675,000
	\$ 6,100,000	\$ 3,455,500	\$ 9,555,500

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.

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

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

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, the Clerk of Court had collected bank balances of \$12,906,134 which were fully protected by \$756,800 of federal depository insurance and the pledge of securities with a market value of \$12,000,423 held by the custodial banks in the name of the Clerk of Court.

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

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

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

**Notes to the Financial Statements
June 30, 2011**

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

Investments held at June 30, 2011 include \$2,675,233 (collected balances) invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool

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

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

LAMP, Inc is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

3. RECEIVABLES

The governmental activities receivables of \$216,113 at June 30, 2011 are as follows

Fees, charges and commissions for services	
Court costs, fees and charges	\$ 49,089
Fees for recording legal documents	91,704
Copies	59,085
Remote access	27,812
Interest	10,778
Other	3,142
Gross receivables	<u>241,610</u>
Less Allowance for uncollectibles	<u>(25,497)</u>
Net total receivables	<u><u>\$216,113</u></u>

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

**Notes to the Financial Statements
June 30, 2011**

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011, is as follows

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Governmental activities					
Capital assets being depreciated					
Office equipment	\$ 829,888	\$ 22,244	\$ -	\$ -	\$ 852,132
Furniture and fixtures	724,658	12,704	-	-	737,362
Office improvements	607,579	21,293	-	-	628,872
Total	<u>2,162,125</u>	<u>56,241</u>	<u>-</u>	<u>-</u>	<u>2,218,366</u>
Less accumulated depreciation					
Office equipment	(687,847)	(61,970)	-	-	(749,817)
Furniture and fixtures	(627,995)	(40,412)	-	-	(668,407)
Office improvements	(217,912)	(37,441)	-	-	(255,353)
Total	<u>(1,533,754)</u>	<u>(139,823)</u>	<u>-</u>	<u>-</u>	<u>(1,673,577)</u>
Net capital assets	<u>\$ 628,371</u>	<u>\$ (83,582)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,789</u>

Depreciation expense of \$139,823 was charged to the judiciary function of the governmental activities

5. PENSION PLAN

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

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% of their final-average salary for each year of credited service, not to exceed 100% 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.

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

**Notes to the Financial Statements
June 30, 2011**

5. PENSION PLAN (Continued):

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.

Funding Policy: Plan members are required by state statute to contribute 8.25% of their annual covered salary to the plan and the Caddo Parish Clerk of Court is required to contribute to the plan at an actuarially determined rate. The rate for the fiscal year ended June 30, 2011 was 17.25% of the annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Caddo Parish Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caddo Parish Clerk of Court's contributions to the System for the years ending June 30, 2011, 2010 and 2009 were \$482,926, \$412,398, and \$333,654, respectively, equal to the required contributions for each year.

6. OTHER POST EMPLOYMENT BENEFITS

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

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

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

Under the standards of GASB Statement No. 45, the Caddo Parish Clerk of Court is considered a "Phase 3" government (total annual revenue of less than \$10 million) with the standards becoming effective for periods beginning after December 15, 2008 (the fiscal year July 1, 2009 through June 30, 2010).

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

**Notes to the Financial Statements
June 30, 2011**

6. OTHER POST EMPLOYMENT BENEFITS – (Continued)

Plan Description – The Clerk of Court participates in a group defined health, life and dental insurance benefit retirement plan authorized and administered by the Clerk of Court. The plan provides health, life, and dental insurance for regular employees that retire at age 55 or older with at least twelve (12) years of full-time service. The Clerk of Court pays 100% of the retirees' insurance premiums and 95% of spouses' insurance premiums.

The Clerk of Court has implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, during the year ended June 30, 2010. In adopting the requirements of GASB Statement No. 45, the Clerk of Court recognizes the cost of postemployment benefits in the year when employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Clerk of Court's future cash flows. Because the Clerk of Court has adopted the requirements of GASB Statement No. 45 prospectively, the recognition of the liability accumulated from prior years will be recognized over a thirty year period, commencing with the fiscal year 2010 liability.

Annual OPEB Cost and Net OPEB Obligation – The Clerk of Court's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The Clerk of Court has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Clerk of Court's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk of Court's net OPEB obligation to the plan.

Annual required contribution	\$ 1,965,358
Interest on net OPEB obligation	19,727
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,985,085</u>
Contributions made	<u>186,638</u>
Increase in net OPEB obligation	1,798,447
Net OPEB obligation, beginning of year	<u>1,970,771</u>
Net OPEB obligation, end of year	<u><u>\$ 3,769,218</u></u>

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

**Notes to the Financial Statements
June 30, 2011**

6. OTHER POST EMPLOYMENT BENEFITS – (Continued)

Funding Policy, Funded Status, and Funding Progress – The plan is financed on a pay-as-you-go basis, therefore no funds are reserved for payment of future insurance premiums. As of July 1, 2009, the actuarial accrued liability for benefits was \$19,181,091, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,306,610, and the ratio of unfunded actuarial liability (UAAL) to covered payroll was 580%.

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. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

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

Marital status – Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality – Life expectancies were based on mortality tables from the National Center for Health Statistics.

Turnover – Non-group specific age-based turnover data from GASB Statement No 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 3.9 percent initially, increased to an ultimate rate of 6.6 percent after nine years, was used.

Health insurance premiums – 2010 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

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

**Notes to the Financial Statements
June 30, 2011**

6. OTHER POST EMPLOYMENT BENEFITS – (Continued)

Inflation rate – The expected long-term inflation assumption of 2.8 percent was based on projected changes in the Consumer Price Index (CPI) in *The 2009 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario

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

Based on the historical and expected returns of the Clerk of Court's short-term investment portfolio and revenue growth, a discount rate of 3 percent was used. In addition, a simplified version of the unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis over thirty years.

7. COMPENSATED ABSENCES

At June 30, 2011, employees of the Clerk of Court have accumulated and vested \$80,744 of employee leave benefits, computed in accordance with GASB Codification Section C60. This amount is due and payable within the next year and is recorded as an obligation of the General Fund.

8. OPERATING LEASES

The Caddo Parish Clerk of Court leases office equipment and vehicles under operating leases. Expense incurred through these operating leases during the year ended June 30, 2011, was \$18,130.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Fiscal Year</u>	
2011-2012	\$ 14,668
2012-2013	3,330
Total	<u>\$ 17,998</u>

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

**Notes to the Financial Statements
June 30, 2011**

10. RISK MANAGEMENT

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

11. LITIGATION AND CLAIMS

At June 30, 2011, the Caddo Parish Clerk of Court was involved in litigation concerning several matters which, in the estimation of the legal advisor of the Clerk of Court, an estimate of the ultimate resolution of the suits cannot be made. However, it is the opinion of legal counsel that an unfavorable outcome is unlikely in the pending lawsuits.

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

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

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 29, 2012, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

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

**Notes to Required Supplementary Information
Governmental Fund – General Fund
June 30, 2011**

Budgetary Information

The budget for the General Fund (Salary Fund) is prepared in accordance with accounting principles generally accepted in the United States of America and is adopted annually on the cash basis of accounting.

The Louisiana Local Government Budget Act provides that “the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing year” The “total estimated funds available” is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year

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

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

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

The Clerk prepares necessary budget amendments when, in his judgment, actual operations differ materially from those anticipated in the original budget and formally adopts the amendments The adoption of the amendments is published in the official journal

Expenditures may not legally exceed appropriations at the fund level Appropriations that are not expended lapse at year-end The General Fund budget for the fiscal year ended June 30, 2011 was amended on June 13, 2011

For the year ended June 30, 2011, expenditures in the General Fund exceeded appropriations by \$627 Available fund balance was sufficient to provide for the excess expenditure

OTHER SUPPLEMENTAL INFORMATION

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

**Schedule of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2011**

	Jury Cost Fund	Advance Deposit Fund	Registry of Court Fund	Court Reporter Fund	Total
ADDITIONS:					
Deposits					
Suits and successions	\$ 307,163	\$ 4,463,628	\$ 12,056,705	\$ 288,943	\$ 17,116,439
Interest earned on investments	13,278	-	18,510	407	32,195
Total Additions	<u>320,441</u>	<u>4,463,628</u>	<u>12,075,215</u>	<u>289,350</u>	<u>17,148,634</u>
DEDUCTIONS:					
Clerk's costs (transferred to General Fund)	-	2,326,479	-	20,227	2,346,706
Court reporter costs (transferred to Court Reporter Fund)	-	288,953	-	-	288,953
Judge's Compensation Fund	-	144,265	-	-	144,265
Judicial Court Expense Fund	-	97,890	-	-	97,890
Settlements to litigants	-	863,511	14,995,457	-	15,858,968
Attorney, curator, and notary fees	-	98,404	-	-	98,404
Battered Women's Fund	-	11,370	-	-	11,370
Pro Bono Projects	-	17,958	-	-	17,958
Stenographers' fees	-	-	-	323,306	323,306
Summons Fee	68,100	-	-	-	68,100
Sheriffs' fees	14,730	617,087	-	-	631,817
Bond refunds	111,394	126,822	-	-	238,216
Other reductions	24,779	8,062	-	25,888	58,729
Total Deductions	<u>219,003</u>	<u>4,600,801</u>	<u>14,995,457</u>	<u>369,421</u>	<u>20,184,682</u>
CHANGES IN UNSETTLED DEPOSITS	101,438	(137,173)	(2,920,242)	(80,071)	(3,036,048)
Unsettled Deposits- Beginning	1,255,623	2,713,766	5,040,950	131,280	9,141,619
Unsettled Deposits - Ending	<u>\$ 1,357,061</u>	<u>\$ 2,576,593</u>	<u>\$ 2,120,708</u>	<u>\$ 51,209</u>	<u>\$ 6,105,571</u>

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

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

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

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**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 Gary Loftin
Caddo Parish Clerk of Court
Shreveport, Louisiana

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Parish Clerk of Court, Shreveport, Louisiana, a component unit of the Caddo Parish Commission, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Caddo Parish Clerk of Court and have issued my report thereon dated March 29, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Caddo Parish Clerk of Court's internal control over financial reporting as a basis for designing my auditing procedures 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 Caddo Parish Clerk of Court's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Caddo Parish Clerk of Court's internal control over financial reporting.

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 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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caddo Parish Clerk of Court's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Summary Schedule of Audit Findings as Item 11-1.

The Caddo Parish Clerk of Court's response to the finding identified in my audit is included in Management's Corrective Action Plan. I did not audit the Caddo Parish Clerk of Court's response and, accordingly, I express no opinion on it.

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

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
March 29, 2012

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

**Schedule of Findings
For the Year Ended June 30, 2011**

Section I - Summary of Auditor's Results

Financial Statements:

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

Section II - Financial Statement Findings

See Summary Schedule of Audit Findings

CADDO PARISH CLERK OF COURT
SHREVEPORT, LOUISIANA

Summary Schedule of Audit Findings
For the Year Ended June 30, 2011

FINDINGS RELATED TO COMPLIANCE

Item 11-1

Criteria or specific requirement:

Louisiana Revised Statute (LSA-R.S) 24 513(A) (5) (a) requires "audits shall be completed within six months of the close of the entity's fiscal year"

Condition:

The Clerk of Court's annual financial audit report was not completed and filed with the Louisiana Legislative Auditor on or before December 31, 2011

Questioned costs:

None

Context:

The Clerk of Court filed its annual financial statements with the Louisiana Legislative Auditor on March 31, 2012, after the statutory due date.

Effect:

The Clerk of Court is in non-compliance with Louisiana Revised Statute 24 513(A) (5) (a)

Cause:

The auditor was seriously ill and was unable to complete the financial audit of the Caddo Parish Clerk of Court in a timely manner

Recommendation:

The Caddo Clerk of Court should make every effort possible to file the annual financial statements with the Louisiana Legislative Auditor on or before December 31 of each year

FINDINGS RELATED TO INTERNAL CONTROL

None

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

**Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2011**

FINDINGS RELATED TO COMPLIANCE

None

FINDINGS RELATED TO INTERNAL CONTROL

None

GARY LOFTIN
CLERK OF COURT

Mike Spence
Chief Deputy

Caddo Parish Courthouse
501 Texas Street, Room 103
Shreveport, LA 71101-5408



Administrative Asst (318) 226-6595
Financial Director (318) 226-6775
Fax (318) 226-6618

MANAGEMENT'S CORRECTIVE ACTION PLAN

Item 11-1: Timely filing of annual financial report.

The Caddo Parish Clerk of Court will file its annual financial report for the year ended June 30, 2012 with the Louisiana Legislative Auditor on or before December 31, 2012.

"Where The Public Comes First"

Civil Suits (318) 226-6776 Criminal (318) 226-6786 Land Records (318) 226-6780 Fax (318) 227-9080