

TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015
With
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA**

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**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA**

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THE HALFORD FIRM, PLLC

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INDEPENDENT AUDITOR'S REPORT

Ernest Sikes
Tensas Parish Clerk of Court
St. Joseph, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tensas Parish Clerk of Court as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tensas Parish Clerk of Court, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows 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 on pages 4-6, the budgetary comparison information on page 26, the employer's share of net pension liability, and employer contributions on pages 27 and 28 be presented to supplement the basic financial statements. Such information, although not a part of basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk's basic financial statements. The supplementary information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements.

The other supplementary schedule listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Financial Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tensas Parish Clerk of Court's basic financial statements. The accompanying other financial information, consisting of the schedule of compensation, benefits, and other payments to agency head on page 30, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of the Tensas Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tensas Parish Clerk of Court's internal control over financial reporting and compliance.

The Halford Firm, PLLC

December 8, 2015

REQUIRED SUPPLEMENTARY INFORMATION

PART I

TENSAS PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Tensas Parish Clerk of Court's financial performance provides an overview of the Clerk's financial activities for the year ended June 30, 2015. Please review it in conjunction with the transmittal letter and Tensas Parish Clerk of Court's basic financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

The Clerk's net position decreased \$4,056 as a result of this year's operations. This decrease in net position was mainly the result of a decrease in cash and an increase in accounts payable.

During the year, the Clerk had total expenditures of \$262,901 in governmental funds. This was a decrease of \$5,711 when compared to the prior year. This is due to a decrease in personal services.

Total revenue for the current year was \$257,628. This was down from \$267,130 in the previous year. The revenue decrease was primarily because of a decrease in court costs, fees, and charges.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Clerk as a whole and present a longer-term view of the Clerk's finances. Government-wide financial statements start on page 7. For governmental activities, these statements tell you how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the Clerk's operations in more detail than the government-wide statements by providing information about the Clerk's most significant funds.

Government-Wide Financial Statements:

The government-wide financial statements consist of two statements. These are the Statement of Net Position and Statement of Activities. The Statement of Net Position presents information on all of the Tensas Parish Clerk of Court's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Tensas Parish Clerk of Court is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. These statements disclose that in the current year, the Clerk's net position decreased by \$4,065.

Fund Financial Statements:

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 Tensas Parish Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Tensas Parish Clerk of Court can be divided into two categories: governmental funds and fiduciary (agency) funds.

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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Fund Balance Sheet and Government Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The current year Statement of Revenues, Expenditures, and Changes in Fund Balances has a \$5,273 excess of expenditures over receipts.

Fiduciary funds. Fiduciary (agency) funds are used to account for resources held for the benefit of parties outside the government. Since these resources are not available to support the Tensas Parish Clerk of Court's programs, fiduciary (agency) funds are not reflected in the government-wide financial statement.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Clerk's performance.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Clerk's liabilities exceeded assets by \$8,610. The Tensas Parish Clerk of Court's net position reflects its investment in capital assets at June 30, 2015, to be zero.

Management's Discussion and Analysis
Page Three

The following table reflects a condensed statement of the Clerk's net position as of June 30, 2015, and 2014:

CONDENSED STATEMENT OF NET POSITION
Governmental Funds

Assets	2015	2014
Cash and cash equivalents	\$ 1,649	\$ 3,853
Receivables	3,224	2,387
Total Assets	4,873	6,240
 Deferred outflows of resources	 51,113	 -
 Liabilities		
Current liabilities:		
Accounts payable	8,109	2,792
Payroll related liabilities	10,694	12,058
Long-term liabilities:		
Net pension liability	233,302	-
Total Liabilities	252,105	14,850
 Deferred inflows of resources	 68,426	 -
 Net Position		
Invested in capital assets	-	-
Unrestricted	(264,545)	(8,610)
Total Net Position (Deficit)	(264,545)	(8,610)
 Prior period adjustment	 -	 (251,870)
Total Net Position (Deficit), 2014 restated	\$ (264,545)	\$ (260,480)

Financial Analysis of the Government's Funds:

As noted earlier, the Tensas Parish Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, governmental fund balance of \$(14,059) showed a decrease of \$5,273 when compared to June 30, 2014.

Request for Information

This financial report is designed to provide a general overview of the Tensas Parish Clerk of Court's finances for all those with an interest in the Tensas Parish Clerk of Court's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Tensas Parish Clerk of Court, P. O. Box 78, St. Joseph, Louisiana 71366.

BASIC FINANCIAL STATEMENTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>General Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,649
Receivables	3,224
Total current assets	<u>4,873</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	-
Total Assets	<u>4,873</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>51,113</u>
LIABILITIES	
Current liabilities:	
Accounts payable	8,109
Payroll related liabilities	10,694
Long-term Liabilities	
Net pension liability	233,302
Total Liabilities	<u>252,105</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>68,426</u>
NET POSITION	
Invested in capital assets	-
Unrestricted	<u>(264,545)</u>
 Total Net Position (Deficit)	 <u><u>\$(264,545)</u></u>

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

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Activities	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position
Government activities:			
General government	\$ 261,646	\$ 257,562	\$ (4,084)
General revenues:			
Interest and investment earnings			19
Total general revenues			19
Change in net position			(4,065)
Net position (deficit) - Beginning			(260,480)
Net position (deficit) - Ending			\$ (264,545)

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

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2015**

	ASSETS	<u>General Fund</u>
Cash and cash equivalents		\$ 1,649
Receivables		<u>3,095</u>
Total Assets		<u><u>4,744</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable		8,109
Payroll related liabilities		<u>10,694</u>
Total Liabilities		<u>18,803</u>
Fund Balance:		
Unassigned		<u>(14,059)</u>
Total Fund Balance		<u>(14,059)</u>
Total Liabilities and Fund Balance		<u><u>\$ 4,744</u></u>

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

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

Fund Balances, total government funds \$ (14,059)

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

Governmental capital assets	66,049	
Less accumulated depreciation	<u>(66,049)</u>	
Net		-

Receivables collected more than 60 days after the close of the accounting period are not recorded on the fund financial statements, but they are included on the Statement of Net Position.		129
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The deferred outflows of expenditures for the Clerks' of Cour Retirement and Relief Fund are not a use of current resources, and therefore, are not reported in the fund financial statements		51,113
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Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities: Net pension liability		(233,302)
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The deferred inflows of contributions for the Clerks' of Court Retirement and Relief Fund are not available current resources, and therefore, are not reported in the fund financial statements		<u>(68,426)</u>
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Net Position of Governmental Activities		<u>\$ (264,545)</u>
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The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

Revenues

Licenses and permits - marriage	\$ 705
Fees, charges, and commissions for services:	
Court costs, fees, and charges	144,795
Fees for recording legal documents	66,379
Fees for certified copies of documents	4,407
State supplemental pay	21,550
UCC fees	339
Use of money and property - interest earnings	19
Other	19,434
Total revenues	<u>257,628</u>

Expenditures

General government:	
Personal service and related benefits	226,501
Operating services	19,269
Material and supplies	14,643
Travel and other	2,488
Total expenditures	<u>262,901</u>

EXCESS (DEFICENCY) OF REVENUES OVER EXPENDITURES	(5,273)
FUND BALANCE AT BEGINNING OF YEAR	<u>(8,786)</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ (14,059)</u></u>

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

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, total governmental funds	\$ (5,273)
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Governmental funds do not report funds received more than 60 days after the end of the year as revenues in the current year, but the Statement of Activities reports all receivables regardless of when collected. This is the net change resulting from recording all receivables on the Statement of Activities. (47)

Net pension expense is reported in governmental funds as an expenditure when it is paid, but is reported in the Statement of Activities according to estimates required by GASB 68:

Pension expenses paid	30,413	
Pension expenses per GASB 68	<u>(29,158)</u>	
		<u>1,255</u>

Change in Net Position of Governmental Activities	<u>\$ (4,065)</u>
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The accompanying notes are an integral part of the financial statements.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
STATEMENT OF NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

ASSETS	Advance Deposit Fund	Registry of Court Fund	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Cash	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>
 LIABILITIES			
Due to litigants and others	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying basic financial statements of the Tensas Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 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 Tensas Parish Police 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 to 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 of the Tensas 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 its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. FUND ACCOUNTING – continued

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 purpose 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 are the Clerk's governmental funds:

General Fund - The primary operating fund of the Clerk and it accounts for all financial resources, except those required to be accounted for in other funds. 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 pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities report information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these statements reflect 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*.

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**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015– continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

MEASUREMENT FOCUS/BASIS OF ACCOUNTING – continued

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of the Balance Sheet and the Statement of Revenues, Expenditures, of Changes in Fund Balances, is 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 (revenues and other financing sources) and uses (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 of the Balance Sheet and the Statement of Revenues, Expenditures, of Changes in Fund Balances, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (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.

E. BUDGET AND BUDGETARY ACCOUNTING

The proposed budget for the 2016 fiscal year was made available for public inspection at the Clerk's office on June 30, 2014. The budget hearing was held at the clerk's office at 9:00 a.m. on June 30, 2014.

The budget was amended May 4, 2015, and a hearing was held in the Clerk's office on that day at 9:00 a.m.

The budget is legally adopted and amended as necessary by the Clerk. All appropriations lapse at year-end. Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original and amended budgeted amounts.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the clerk 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 of America, or under the laws of the United States of America.

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**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. 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.

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>
Office Equipment	5 years
Furniture and Fixtures	5-10 years
Vehicles	4-5 years

H. VACATION/SICK LEAVE/UNCOMPENSATED ABSENCES

All employees of the Clerk of Court's office earn two weeks of non-cumulative vacation leave each year. Sick leave is granted on a case-by-case basis, at the discretion of the Clerk. Since no leave time is cumulative, the Clerk does not have a liability for compensated absences.

I. RISK MANAGEMENT

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Clerk maintains commercial insurance policies covering his automobile, professional liability and surety bond coverage. In addition to the above policies, the Clerk also maintains an errors and omissions claims paid policy with the Louisiana Clerks of Court Risk Management Agency. No claims were paid on any of the policies during the past three years.

There were no significant reductions in insurance coverage during the year ended June 30, 2015.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

J. FUND EQUITY

Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Clerk itself, using its highest level of decision-making authority (i.e., Mayor/Board of Aldermen). To be reported as committed, amounts cannot be used for any other purpose unless the Clerk takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Clerk intends to use for a specific purpose. Intent is expressed by the Mayor/Board of Aldermen.

Unassigned Fund Balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Clerk establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Mayor/Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

K. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. These amounts are reported as deferred outflows of resources and/or deferred inflows of resources in the government-wide financial statements.

L. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Clerk 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 amount of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2015, the Tensas Parish Clerk of Court had cash and cash equivalents totaling \$84,216 of which \$82,567 is attributable to fiduciary funds and therefore, is not presented in the Statement of Net Position. The bank balances at June 30, 2015, were \$99,612, which was insured from loss by FDIC insurance. Cash and investments are stated at cost, which approximates market. Under state law these deposits 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

NOTE 3 – RECEIVABLES

The breakdown on General Fund receivables at June 30, 2015 is as follows:

	Government Funds
Fees for services	\$ 3,095
Less: allowances for bad debt	-
Net	\$ 3,095

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Cost			Accumulated Depreciation				
	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Equipment	\$ 66,049	\$ -	\$ -	\$ 66,049	\$ 66,049	\$ -	\$ -	\$ 66,049

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 5 – PENSION PLAN

Substantially all employees of the Tensas Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund, a multiple-employer, public employee retirement system controlled and administered by a separate board of trustees.

All regular employees earning at least \$100 per month 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 benefits accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. State statute requires covered employees to contribute a percentage of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer's 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. Members are required to contribute 8.25% of their annual covered salary and the Tensas Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25% of annual covered payroll. The Tensas Parish Clerk of Court contributed the entire 25.50%. The Tensas Parish Clerk of Court's contribution for the year ending June 30, 2015, was \$30,413, equal to the required contributions of the year.

The Louisiana Clerks of Court Association issues a publicly available Actuarial Valuation and required supplementary information. That information may be obtained by writing to Louisiana Clerks of Court Association, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

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

At June 30, 2015, the Clerk reported a liability of \$233,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating clerks, actuarially determined. At June 30, 2014, the Clerk's proportion was .172962 percent, which was a decrease of .007096 % from its proportion as of June 30, 2013.

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 5 - PENSION PLAN- continued

For the year ended June 30, 2015, the Clerk recognized pension expense of \$29,158. At June 30, 2015, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,730
Changes of assumptions	20,700	-
Net difference between projected and actual earnings on pension plan investments	-	54,319
Changes in proportion and differences between Clerk contributions and proportionate share of contributions	-	9,377
Clerk contributions subsequent to the measurement date	<u>30,413</u>	<u>-</u>
 Total	 <u>\$ 51,113</u>	 <u>\$ 68,426</u>

Deferred outflows of resources of \$30,413 related to pensions resulting from Clerk contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$	11,932
2017		11,932
2018		11,932
2019		11,930
2020		-
Thereafter		-

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 5 - PENSION PLAN- continued

Actuarial assumptions. The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2014
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Investment rate of return	7.25%, net of investment expense, including inflation
Projected salary increases	5.75% (2.75% inflation, 3.00% merit)
Mortality rates	RP-2000 Combined Healthy Mortality Table (set back 3 years for males and 1 year for females)/RP- 2000 Disabled Lives Mortality Table
Expected remaining services lives	5 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The actuarial assumptions used in the June 30, 2014, valuation (excluding mortality) was based on actuarial funding valuation and results of an actuarial experience study for the period July 1, 2006, to June 30, 2010, unless otherwise specified.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.90% as June 30, 2014. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2014, are summarized in the following table:

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 5 - PENSION PLAN- continued

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Fixed Income:		
Core fixed income	5.0%	1.75%
Core plus fixed income	15.0%	2.25%
Domestic Equity:		
Large cap domestic equity	21.0%	4.50%
Nonlarge cap domestic equity	7.0%	4.25%
International Equity:		
Large international equity	14.0%	5.25%
Small cap international equity	6.5%	5.25%
Emerging markets	6.5%	6.75%
Real Estate	10.0%	5.00%
Master Limited Partnerships	5.0%	6.00%
Hedge Funds	10.0%	4.25%
	<u>100.0%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on these assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate:

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

	Changes in Discount Rate 2014		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net Pension Liability	\$ 357,548	\$ 233,302	\$ 127,643

-continued

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued**

NOTE 6 – EXPENSES OF THE CLERK PAID BY THE PARISH POLICE JURY

Certain operating expenditures of the Clerk’s office are paid by the Parish Police Jury. The Police Jury paid the electric bills for the Clerk’s office and provided office space. None of these expenses are included in the financial statements.

NOTE 7 – OPERATING LEASES

The Clerk does not have any capital or operating leases at June 30, 2015

NOTE 8 – CHANGES IN AGENCY FUND BALANCES

A summary of changes in Agency Fund balances due to others follows:

	Advance Deposit Fund	Registry of Court Fund	Total
Balance, July 1, 2013	\$ 51,295	\$ 58,614	\$ 109,909
Additions	113,407	257,455	370,862
Reductions	(111,105)	(287,099)	(398,204)
Balance, June 30, 2014	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>

NOTE 9– POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description. The Clerk had a defined benefit postemployment health care plan ("the Retiree Health Plan") that provided medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan was affiliated with the Louisiana Clerks of Court Insurance Trust ("LCCIT"), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association. The plan has been cancelled.

NOTE 10 – FIDUCIARY FUND TYPE – AGENCY FUNDS

Advance Deposit Fund

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

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015 – continued .**

NOTE 10 – FIDUCIARY FUND TYPE – AGENCY FUNDS-continued

Registry of Court Fund

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

NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through December 8, 2015, the date the financial statements were available to be issued.

NOTE 12 - PRIOR PERIOD ADJUSTMENT

During the current fiscal year, the Clerk implemented Governmental Accounting Standards Board (GASB) Statement No.68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The effect of GASB 68 on the financial statements is as follows:

	2014		
	As Previously Reported	Restatement	As Restated
Statement of net position -			
Governmental activities (GWFS):			
Net pension liability	\$ -	\$ 251,870	\$ (251,870)
Unrestricted net position (Deficit)	(8,610)	(260,480)	(269,090)
Total net position	(8,610)	(260,480)	(269,090)

REQUIRED SUPPLEMENTARY INFORMATION

PART II

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL AMOUNTS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Licenses and permits - marriage	\$ 500	\$ 1,700	\$ 705	\$ (995)
Fees, charges and commissions for services:				
Court costs, fees and charges	175,000	150,000	144,795	(5,205)
Fees for recording legal documents	70,000	70,000	66,379	(3,621)
Fees for certified copies of documents	5,000	2,000	4,407	2,407
State supplemental pay	28,000	20,000	21,550	1,550
UCC fees	500	500	339	(161)
Use of money and property - interest earnings	50	30	19	(11)
Miscellaneous	2,000	4,000	19,434	15,434
Total revenues	<u>281,050</u>	<u>248,230</u>	<u>257,628</u>	<u>9,398</u>
Expenditures				
General government:				
Personal service and related benefits	240,750	222,500	226,501	(4,001)
Operating services	19,750	21,000	19,269	1,731
Material and supplies	11,600	7,500	14,643	(7,143)
Travel and conventions	3,000	-	2,488	(2,488)
Total expenditures	<u>275,100</u>	<u>251,000</u>	<u>262,901</u>	<u>(11,901)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,950	(2,770)	(5,273)	(2,503)
FUND BALANCE, BEGINNING OF YEAR	<u>(8,786)</u>	<u>(8,786)</u>	<u>(8,786)</u>	-
FUND BALANCE, END OF YEAR	<u>\$ (2,836)</u>	<u>\$ (11,556)</u>	<u>\$ (14,059)</u>	<u>\$ (2,503)</u>

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
Clerk's proportion of the net pension liability (asset)	0.172962%
Clerk's proportionate share of the net pension liability (asset)	\$ 233,302
Clerk's covered-employee payroll	\$ 118,470
Clerk's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	196.93%
Plan fiduciary net position as a percentage of the total pension liability	79.34%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTION
LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	2015
Contractually required contribution	\$ 30,413
Contributions in relation to the contractually required contribution	30,413
Contribution deficiency (excess)	\$ -
Clerk's covered-employee payroll	\$ 118,470
Contributions as a percentage of covered-employee payroll	25.67%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTARY SCHEDULES

PART III

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
AGENCY FUNDS**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015**

ASSETS	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Cash	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>
 LIABILITIES			
Due to litigants and others	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
AGENCY FUNDS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2015**

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
Balances, beginning of year	\$ 51,295	\$ 58,614	\$ 109,909
Additions:			
Deposits in civil suits	113,402	257,311	370,713
Interest earnings	5	144	149
Total additions	<u>113,407</u>	<u>257,455</u>	<u>370,862</u>
Total	<u>164,702</u>	<u>316,069</u>	<u>480,771</u>
Reductions:			
Payments by order of the court	-	287,094	287,094
Clerk's fees transferred to general fund	87,777	-	87,777
Settlements to litigants	11,683	-	11,683
Appraisals and other fees	6,697	5	6,702
Sheriff's fees	4,948	-	4,948
Total reductions	<u>111,105</u>	<u>287,099</u>	<u>398,204</u>
Balances, end of year	<u>\$ 53,597</u>	<u>\$ 28,970</u>	<u>\$ 82,567</u>

**OTHER FINANCIAL INFORMATION
PART IV**

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS,
OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2015**

Ernest Sikes, Clerk

Salary and expense amount	\$ 118,270
Benefits - retirement	24,473
Benefits - deferred compensation	2,416
Jury commission	<u>150</u>
 Total	 <u><u>\$ 145,309</u></u>

**COMPLIANCE REPORTING AND OTHER
SCHEDULES REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members
American Institute of
Certified Public Accountants

Mississippi Society of
Certified Public Accountants

Louisiana Society of
Certified Public Accountants

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

Ernest Sikes
Tensas Parish Clerk of Court
St. Joseph, LA 71254

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

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify two deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, as items 15-01 and 15-02.

Tensas Parish Clerk Of Court
St. Joseph, Louisiana
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tensas Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

The Halford Firm, PLLC

December 8, 2015

**TENSAS PARISH CLERK OF COURT, ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the annual financial statements of the Tensas Parish Clerk of Court.
2. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.
3. Two significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

FINDINGS - FINANCIAL STATEMENTS AUDIT

15-01 – Preparation of Annual Financial Statements

The Clerk's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

Recommendation:

An adequately designed system of internal control over financial reporting includes controls over preparation of the annual financial statements, including footnote disclosures. Such internal controls should require that the annual financial statements be prepared by personnel capable of preparing the financial statements in accordance with generally accepted accounting principles. In addition, such personnel should have the skills and competencies to prevent, detect, and correct a material misstatement in the financial statements. The Clerk's personnel with direct responsibility over financial reporting should receive training in the preparing of financial statements, including note disclosures. The training should be sufficient to provide such personnel with the skills and competencies necessary to prevent, detect, and correct a material misstatement. Alternatively, the Clerk could hire a qualified CPA to prepare their financial statements for them.

Response: The Clerk has evaluated the cost vs. the benefit of establishing internal controls over the preparation of the annual financial statements and determined that it is in the best interests of the Clerk to carefully review the monthly financial statements and accept responsibility for their contents. The cost of additional training and/or hiring another CPA firm to prepare the annual financial statement is not feasible to the Clerk.

15-02 – Segregation of Duties

During our audit we noted that the size of the Clerk and the limited number of employees does not permit an adequate segregation of employee duties for effective internal control. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Recommendation:

To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

Response: Based on the size of the office staff, it is not feasible to add additional personnel to achieve complete segregation of duties

**TENSAS PARISH CLERK OF COURT
ST. JOSEPH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

Section I. Internal Control and Compliance Material to the Financial Statements

14-01 - Preparation of Annual Financial Statements - The Clerk's personnel do not have the capability to prepare annual financial statements, including footnote disclosures, in accordance with generally accepted accounting principles and do not have the skills and competencies necessary to prevent, detect, and correct a material misstatement.

This was a finding in the current year also. See 15-01

14-02 - Segregation of duties - Due to limited personnel, the Clerk's office does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control.

This was a finding in the current year also. See 15-02

Section II. Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity.

Section III. Management Letter

No Management letter was issued in the prior year.