

CLERK OF CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

SALARY FUND

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS

	<u>PAGE</u>
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS</u>	1 – 8
<u>INDEPENDENT AUDITOR’S REPORT</u>	9 – 11
<u>BASIC FINANCIAL STATEMENTS:</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	12
Statement of Activities.....	13
FUND FINANCIAL STATEMENTS (FFS)	
Governmental Funds:	
Balance Sheet-Governmental Fund.....	14
Reconciliation of the Balance Sheet-Governmental Fund to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Fund to the Statement of Activities	17
NOTES TO FINANCIAL STATEMENTS	18 – 44
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule-General Fund	45
Schedule of Proportionate Share of the Net Pension Liability	46
Schedule of Contributions-Retirement Plan	47
Schedule of Changes in Net OPEB Liability and Related Ratios.....	48
Notes to required supplementary information	49 – 50
<u>OTHER SUPPLEMENTAL INFORMATION:</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	51

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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 <i>Government Auditing Standards</i>	52 – 53
Schedule of Current Year Findings	54
Summary Schedule of Prior Year Findings.....	55

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of the Clerk of Civil District Court for the Parish of Orleans (the Clerk's) financial performance is designed to provide an overview of the financial activities as of and for the fiscal year ended June 30, 2020. This information should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is required information that provides an overview of the Clerk's basic financial statements and financial activities. Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated in all material aspects. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided on these reports.

This annual report consists of a series of financial statements. The Clerk's basic financial statements consist of the following components: Government-Wide Financial Statements and Fund Financial Statements.

Government-Wide Financial Statements

The Statement of Net Position reflects the financial position of the Clerk's office. The unrestricted fund balance for the Salary Fund, as reflected in this statement consists of funds available for future spending to meet the needs of the Clerk's Office.

The Statement of Activities reflects the changes in net position. Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources are one way to measure the financial health of an entity. Over time, increases or decreases in net position are one indicator of whether an entity's financial health is improving or deteriorating.

The Statement of Net Position and the Statement of Activities report information on the Clerk of Court as a whole and about its activities in a way that shows the overall financial health of the office. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

Fund financial statements report detailed information on the Salary Fund maintained by the Clerk's office. This fund is established as mandated by State laws.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT’S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

Fund Financial Statements (continued)

The Clerk of Court uses governmental funds for basic services. Governmental funds focus on how money flows into and out of the operating accounts and reflect the balances left at year-end that are available for spending. These funds are reported under the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court’s programs.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year’s operations:

As of June 30, 2020, the Clerk of Civil District Court for the Parish of Orleans had Unrestricted Net Position of \$11,015,007 representing the portion available to maintain the continuing obligations to citizens. Unrestricted Net Position represents the net balance of all types of assets accumulated by the Clerk in excess of the amount invested in “capital assets” and any “restricted assets”. Restricted assets are those that are constrained by creditors, grantors, contributors, or by laws and regulations. Although the Unrestricted Net Position of the Clerk is not constrained by any third parties, the Clerk has various assignments of fund balance that limit the use of its resources. At June 30, 2020, the Clerk had no unassigned fund balances.

Total government-wide assets as of June 30, 2020 were \$29,747,361, deferred outflows of resources were \$5,389,059, total liabilities were \$23,100,786 and deferred inflows of resources were \$832,831. In accordance with statutory requirements, the Clerk has no bonded indebtedness or long-term notes.

The most significant continuing revenue sources for governmental activities were court filing fees and recording fees.

ORLEANS PARISH CLERK OF COURT AS A WHOLE

Because the Registry of the Court Agency Fund is on a calendar year basis and is reported in a separate audit report, only the Salary Fund is included in this discussion and analysis.

FINANCIAL ANALYSIS OF THE CLERK OF COURT AS A WHOLE (GWFS)

The Statement of Net Position and the Statement of Activities report only one type of activity - governmental activities. Most of the basic services are reported as this type. Fees charged to the public finance all of these activities.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

Our analysis below focuses on the net position of the governmental-type activities:

CONDENSED STATEMENT OF NET POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current and other assets	\$ 29,559,565	\$ 29,657,070	\$ (97,505)	(0.33)%
Capital assets, net of accumulated depreciation	<u>187,796</u>	<u>204,963</u>	<u>(17,167)</u>	<u>(8.38)%</u>
Total assets	29,747,361	29,862,033	(114,672)	(0.38)%
Deferred outflows of resources	5,389,059	4,621,792	767,267	16.60%
Current liabilities	3,046,579	3,232,852	(186,273)	(5.76)%
Non-current liabilities	<u>20,054,207</u>	<u>17,419,242</u>	<u>2,634,965</u>	<u>15.13%</u>
Total liabilities	23,100,786	20,652,094	2,448,692	11.86%
Deferred inflows of resources	832,831	1,070,657	(237,826)	(22.21)%
Net invested in capital assets	187,796	204,963	(17,167)	(8.38)%
Unrestricted	<u>11,015,007</u>	<u>12,556,111</u>	<u>(1,541,104)</u>	<u>(12.27)%</u>
Total net position	<u>\$ 11,202,803</u>	<u>\$ 12,761,074</u>	<u>\$ (1,558,271)</u>	<u>(12.21)%</u>

The Clerk's net position decreased by \$1,558,271 as a result of this year's operations. The decrease in Current and Other Assets is due to an decrease in cash and receivables. The increases in deferred outflows of resources and decreases in deferred inflows of resources are due to recognition of pension and OPEB related items in accordance with GASB Statement No. 68 and GASB Statement No. 75, respectively. The decrease in Current Liabilities is due to a decrease in accounts payable at the end of the year. The increase in Non-Current Liabilities is due to the increase in the net pension liability and total OPEB liability.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements decreased as a result of this year's operations. The balance in net position represents the accumulated results of all past years' operations.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

CONDENSED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total program expenses	\$ (15,891,718)	\$ (15,277,623)	\$ (614,095)	4.02%
Total program revenues	<u>14,072,597</u>	<u>15,958,076</u>	<u>(1,885,479)</u>	<u>(11.82)%</u>
Net program income	(1,819,121)	680,453	(2,499,574)	(367.34)%
General revenues	<u>260,850</u>	<u>384,721</u>	<u>(123,871)</u>	<u>(32.20)%</u>
Change in net position	(1,558,271)	1,065,174	(2,623,445)	(246.29)%
Net position, beginning of year	<u>12,761,074</u>	<u>11,695,900</u>	<u>1,065,174</u>	<u>9.11%</u>
Net position, end of year	<u>\$ 11,202,803</u>	<u>\$ 12,761,074</u>	<u>\$ (1,558,271)</u>	<u>(12.21)%</u>

The Clerk's total revenues for the year in governmental activities were \$14,072,597 in program revenues and \$260,850 in general revenues. The total cost of all programs and services was \$15,891,718.

FINANCIAL ANALYSIS OF THE CLERK OF COURT'S SALARY FUND

Analyzing this fund helps to determine whether the Clerk is using her resources in a responsible manner and maintaining the financial integrity of the office.

The Salary Fund reported a fund balance increase of \$108,658.

CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total revenues	\$ 13,754,512	\$ 15,778,759	\$ (2,024,247)	(12.83)%
Expenditures:				
Current	13,553,782	13,670,104	(116,322)	(0.85)%
Capital outlay	<u>92,072</u>	<u>120,376</u>	<u>(28,304)</u>	<u>(23.51)%</u>
Total expenditures	<u>13,645,854</u>	<u>13,790,480</u>	<u>(144,626)</u>	<u>(1.05)%</u>
Net change in fund balance	108,658	1,988,279	(1,879,621)	(94.54)%
Fund balance, beginning of year	<u>25,677,449</u>	<u>23,689,170</u>	<u>1,988,279</u>	<u>8.39%</u>
Fund balance, end of year	<u>\$ 25,786,107</u>	<u>\$ 25,677,449</u>	<u>\$ 108,658</u>	<u>0.42%</u>

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

SALARY FUND BUDGETARY HIGHLIGHTS

The Clerk of Civil District Court for the Parish of Orleans' budget for July 1, 2019 through June 30, 2020 was proposed and made available for public inspection by the Clerk of Civil District Court for the Parish of Orleans. There were no budget amendments during the current fiscal year.

The following table presents the variance between the final budget and the actual results for the fiscal year.

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$ 13,272,195	\$ 12,988,367	\$ (283,828)
Fees for copies of documents	488,787	503,110	14,323
FEMA stabilization project	-	2,186	2,186
Use of money and property – interest earnings	<u>164,480</u>	<u>260,850</u>	<u>96,369</u>
 Total revenues	 <u>13,925,462</u>	 <u>13,754,512</u>	 <u>(170,950)</u>
Expenditures			
General government:			
Personnel services and related benefits	9,110,172	8,146,184	963,988
Operating services	4,450,222	5,407,598	(957,376)
Capital outlay	<u>346,783</u>	<u>92,072</u>	<u>254,711</u>
 Total expenditures	 <u>13,907,177</u>	 <u>13,645,854</u>	 <u>261,323</u>
 Excess revenues (expenditures)	 18,285	 108,658	 90,373
 Fund balance, beginning of year	 <u>25,677,449</u>	 <u>25,677,449</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 25,695,734</u>	 <u>\$ 25,786,107</u>	 <u>\$ 90,373</u>

The negative variance of \$170,950 in total revenues is due to the amount of filing and recording fees being lower than the amount that was budgeted. The positive variance of \$261,323 in total expenditures is due to lower capital outlay costs than originally budgeted.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

CAPITAL ASSETS

The Clerk's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2020 was \$187,796.

	2020
Computers and software	\$ 1,099,400
Equipment	591,121
Furniture and fixtures	279,806
Total costs	1,970,327
Accumulated depreciation	(1,782,531)
Net capital assets	\$ 187,796
Depreciation expense	\$ 109,239

During 2020, the Clerk had asset additions of \$92,072 which consisted mainly of various computer equipment and software.

LONG-TERM OBLIGATIONS

Clerks of Court are not allowed to incur long-term indebtedness for bonds or notes payable; therefore, the Clerk had no long-term debt outstanding.

The Clerk entered into two non-cancellable three-year lease agreements for office and storage space on May 27, 2015. The leases commenced on July 1, 2015 and were scheduled to end on June 30, 2018. Prior to the end dates, the terms of the leases were extended through June 30, 2023. The Clerk entered into a non-cancellable four-year lease agreement for office space on December 3, 2015. The lease commenced on March 1, 2016 and was scheduled to end on February 28, 2020. On January 24, 2020, this lease was extended to February 28, 2022. Future minimum lease payments total \$2,352,361 at June 30, 2020.

The Clerk has one lease agreement for two vehicles. The lease term is 36 months beginning May 31, 2019. Lease payments made for vehicle during the year totaled \$31,027 which is included in office operations. The monthly minimum lease rental for the lease is \$2,586.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

LONG-TERM OBLIGATIONS (CONTINUED)

As of July 1, 2017, the Clerk has implemented GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," GASB Statement No. 75 amended GASB Statement No. 45 and establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The adoption of this standard required the prospective recognition of Total Other Post-Employment Benefits Liability (OPEB) in the basic financial statements. See Note 7 to the basic financial statements for further discussion of the Other Post-employment Benefits.

The following table shows the changes in the total OPEB liability:

Balance at June 30, 2019	\$ 6,546,696
Changes for the year:	
Service cost	460,218
Interest	217,438
Differences between expected and actual experience	645,348
Changes in assumptions/inputs	348,763
Benefit payments and net transfers	<u>(133,321)</u>
Net changes	<u>1,538,446</u>
Balance at June 30, 2020	<u>\$ 8,085,142</u>

As of July 1, 2014, the Clerk has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." GASB Statement No. 68 improves accounting and financial reporting for pensions. The adoption of this standard requires the retroactive recognition of a liability for the Clerks proportionate share of the net pension liability. The Clerk is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective outflows of resources and deferred inflows of resources related to pensions. At June 30, 2020, the Clerk reported \$11,969,065 for its proportionate share of net pension liability, \$3,847,042 for deferred outflow of resources and \$242,592 for deferred inflows of resources. See Note 6 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2020

ECONOMIC FACTORS AFFECTING OPERATIONS

The Clerk of Court's Office is primarily financed by filing fees and recording fees charged to the public and costs for services rendered. The setting of these fees and costs is regulated by the Louisiana Revised Statutes which gives the Judges of the Civil District Court authority to set fees. The Clerk has no authority or discretion in setting fees.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Clerk of Civil District Court for the Parish of Orleans' finances and to show the Clerk of Court's accountability for the money it receives. If you have questions about this report or need additional information, contact the Honorable Chelsey Richard Napoleon, Clerk of Civil District Court for the Parish of Orleans, New Orleans, LA 70112 at phone number (504) 407-0134.



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Chelsey R. Napoleon
Clerk of Civil District Court for the Parish of Orleans
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund - Salary Fund of the Clerk of Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the 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 an opinion 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

To the Honorable Chelsey R. Napoleon
Clerk of Civil District Court for the Parish of Orleans
New Orleans, Louisiana

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.

As discussed in Notes 1 and 2, the financial statements present only the activities of the Salary Fund of the Clerk of Civil District Court for the Parish of Orleans and do not purport to and do not present fairly the financial position and the changes in its financial position, as of June 30, 2020 in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund-Salary Fund as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion, the Analysis and Budgetary Comparison Schedule on the General Fund, the Schedule of Proportionate Share of the Net Pension Liability, the Schedule of Contributions-Retirement Plan, and the Schedule of Changes in Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



To the Honorable Chelsey R. Napoleon
Clerk of Civil District Court for the Parish of Orleans
New Orleans, Louisiana

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head listed as Other Supplemental Schedule in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 22, 2020, on our consideration of the internal control over financial reporting and 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 internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, LA
December 22, 2020



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET POSITION
JUNE 30, 2020

	<u>Salary Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 25,652,715
Receivables	2,438,269
Due from Judicial Expense Fund	965,245
Prepaid insurance	314,219
Deposits	189,117
Capital assets, net of accumulated depreciation	<u>187,796</u>
Total assets	<u>29,747,361</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pensions (note 6)	3,847,042
OPEB (note 7)	<u>1,542,017</u>
Total deferred outflows of resources	<u>5,389,059</u>
<u>LIABILITIES:</u>	
Accounts payable	259,266
Accrued payroll liabilities	280,286
Escrow on deposit	266,316
Due to Judicial Expense Fund	1,925,239
Due to others	315,472
Non-current liability - net pension liability (note 6)	11,969,065
Non-current liability - total OPEB liability (note 7)	<u>8,085,142</u>
Total liabilities	<u>23,100,786</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pensions (note 6)	242,592
OPEB (note 7)	<u>590,239</u>
Total deferred inflows of resources	<u>832,831</u>
<u>NET POSITION:</u>	
Net investment in capital assets	187,796
Unrestricted	<u>11,015,007</u>
Total net position	<u>\$ 11,202,803</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

<u>EXPENSES:</u>	<u>Salary Fund</u>
<u>GENERAL GOVERNMENT:</u>	
Personnel services and related benefits	\$ 10,374,881
Operating services	<u>5,516,837</u>
Total expenses	<u>15,891,718</u>
<u>PROGRAM REVENUES:</u>	
Fees, charges, and commissions for services:	
Filing and recording fees for legal documents	11,218,759
Fees for copies of documents and facsimiles	503,110
FEMA stabilization project	2,186
Remote access fees	1,365,309
Documentary tax income	133,304
Non-employer share of net pension liability contributions	646,446
UCC fees	182,679
Supreme Court civil case processing fees	16,787
Indigent legal fees	<u>4,017</u>
Total program revenues	<u>14,072,597</u>
Net program income (loss)	<u>(1,819,121)</u>
<u>GENERAL REVENUES:</u>	
Interest earnings	<u>260,850</u>
Total general revenues	<u>260,850</u>
<u>NET POSITION:</u>	
Change in net position	(1,558,271)
Beginning of the year	<u>12,761,074</u>
End of the year	<u><u>\$ 11,202,803</u></u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2020

ASSETS

	<u>Salary Fund</u>
Cash and cash equivalents	\$ 25,652,715
Receivables	2,438,269
Prepaid expenses	314,219
Deposits	<u>189,116</u>
 Total assets	 <u>\$ 28,594,319</u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$ 259,265
Accrued payroll liabilities	52,447
Escrow on deposit	266,316
Due to Judicial Expense Fund	1,914,712
Due to others	<u>315,472</u>
 Total liabilities	 <u>2,808,212</u>

FUND BALANCE:

Nonspendable:	
Prepaid items	314,219
Deposits	189,116
Assigned for:	
Unified indexing system	831,826
Post-employment benefits	8,085,142
Records preservation & stabilization	2,367,745
Book binding	82,656
FEMA stabilization project expenditures	500,000
Case management and efilings system	472,559
Disaster recovery and business continuance	973,779
Pension liability	11,969,065
Unassigned	<u>-</u>
 Total fund balance	 <u>25,786,107</u>
 Total liabilities and fund balance	 <u>\$ 28,594,319</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance - governmental funds (fund financial statements)	\$ 25,786,107
Amounts reported for governmental activities in the statement of net position (government-wide financial statements) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	187,796
Certain non-current liabilities - OPEB obligations - are not due and payable in the current period and therefore are not reported in the funds	(8,085,142)
Certain non-current liabilities - net pension liabilities - are not due and payable in the current period and therefore are not reported in the funds	(11,969,065)
Deferred outflows of resources related to pensions are not reported in governmental funds	3,847,042
Deferred outflows of resources related to OPEB are not reported in governmental funds	1,542,017
Deferred inflows of resources related to pensions are not reported in governmental funds	(242,592)
Deferred inflows of resources related to OPEB are not reported in governmental funds	(590,239)
Accrued due from Judicial Expense Fund is not due and receivable in the current period and therefore is not reported in the funds	954,719
Accrued compensated absences are not recorded on the governmental fund financials because they are not due and payable at June 30, 2020	<u>(227,840)</u>
Total net position (government-wide financial statements)	<u>\$ 11,202,803</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2020

REVENUES:

Fees, charges, and commissions for services:	
Filing and recording fees for legal documents	\$ 11,218,759
Fees for copies of documents and facsimiles	503,110
FEMA stabilization project	2,186
Remote access fees	1,365,309
Documentary tax income	133,304
JEF payments on A/R	67,511
UCC fees	182,679
Supreme Court civil case processing fees	16,787
Indigent legal fees	4,017
Interest earnings	<u>260,850</u>
 Total revenues	 <u>13,754,512</u>

EXPENDITURES:

General government:	
Personnel services and related benefits	8,146,184
Operating services	<u>5,407,598</u>
 Total current expenditures	 13,553,782
 Capital outlay	 <u>92,072</u>
 Total expenditures	 <u>13,645,854</u>
 Excess of revenues over expenditures	 108,658
 FUND BALANCE AT BEGINNING OF YEAR	 <u>25,677,449</u>
 FUND BALANCE AT END OF YEAR	 <u><u>\$ 25,786,107</u></u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Change in fund balance (fund financial statements) \$ 108,658

Amounts reported for governmental activities in the statement of activities
(government-wide financial statements) are different because:

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available:

Compensated absences	47,621
OPEB	(653,260)
Pensions	(1,623,058)
Non-employer contributions for pensions	646,446

Current year decrease in due from Judicial Expense Fund is recorded as revenue on fund financials because under the modified accrual basis of accounting it is not accrued as receivable in the governmental funds.	(67,511)
---	----------

Governmental funds report capital outlays as expenditures in the individual fund. Governmental activities report depreciation expense to allocate the cost of those capital assets over the estimated useful lives of the asset.

Capital asset purchases capitalized	92,072
Depreciation expense	<u>(109,239)</u>

Change in net position (government-wide financial statements) \$ (1,558,271)

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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 court filings, 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

Basis of Presentation

The accompanying financial statements of the Salary Fund of the Clerk of Civil District Court for the Parish of Orleans have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. 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*.

Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) as amended by GASB 39 establishes standards for defining and reporting on the financial entity. The focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

The Clerk is a discrete governmental financial reporting entity under the GASB standards.

Fund Accounting

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds of the clerk of court are classified into two categories: governmental (Salary Fund) and fiduciary (Agency Fund). These funds are described as follows:

Salary Fund

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

Agency Fund

The Registry of Court Agency Fund, as provided by Louisiana Revised Statute 13:1305, accounts for assets held as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Basis of Accounting

Fund Financial Statements (FFS) - The amounts reflected in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund (FFS), 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 operations.

The amounts reflected in these statements (FFS), use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Clerk considers all revenues available if they are collected within 60 days after the fiscal year end. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Filing fees and recording fees are recorded in the year in which they are earned. Interest income on investments is recorded when the investments have matured and the income is available. Substantially all other revenues are recorded when received.

Expenditures

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Government-Wide Financial Statements (GWFS) - The Statement of Net Position and the Statement of Activities (GWFS) display information about the Clerk of Civil District Court for the Parish of Orleans as a whole. These statements include all the financial activities of the Clerk of Civil District Court for the Parish of Orleans. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Budget Practices

The Clerk of Civil District Court for the Parish of Orleans' budget was proposed and made available for public inspection by the Clerk.

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 adopted budget and all subsequent amendments. There was no amendment to the budget for the 2020 fiscal year.

Uncollectible Accounts Receivable

The Clerk of Court considers all accounts receivable at June 30, 2020 to be fully collectible. Accordingly, no allowance for uncollectible accounts is required.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Computers	3 years
Office Equipment	5 years
Furniture & Fixtures	5 years
Automobiles	5 years
Leasehold Improvements	20 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Clerk has two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to OPEB.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

Currently, the Clerk has two items that qualifies for reporting in this category, deferred amounts related to pensions and deferred amounts related to OPEB.

Compensated Absences

Employees of the Clerk of Court's office earn, based on years of service, from 1 to 4 weeks vacation leave per year, 3 days of personal leave per year and 4 or 5 days of sick leave per year. The vacation, personal and sick leave accrue on an employment anniversary date basis and must be used in the following year of service, otherwise it is forfeited. During the first year of service, 4 days of sick leave and 1 day of personal leave accrue after 3 months of service and a successful evaluation, and 2 additional days of personal leave accrue after 6 months of service. Overtime is compensated for as compensatory time rather than payment. Compensatory time is calculated at one and one-half hours for each hour worked in excess of forty hours per week. Employees also earn earned leave time for attendance at approved after-hours office meetings and workshops. Earned leave time is equal to the amount of time spent at the meeting or workshop. The accrued compensated absences which had been unused by employees at June 30, 2020 has been included in the government-wide financial statements.

Equity Classifications

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

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government’s highest level of decision making authority.
- e. Unassigned – amounts not included in other classifications.

The Clerk, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Clerk is authorized to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the Clerk’s policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the Clerk’s policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

(2) REGISTRY OF COURT FUND OMISSION

The Registry of Court Agency Fund is on a calendar year basis and was separately audited by auditors who issued an unmodified opinion dated May 11, 2020 on its financial statements as of December 31, 2019. Since the Registry of Court Agency Fund is on a different fiscal year than the Salary Fund and was audited by other auditors, it is not included in the audit of the Salary Fund.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(3) CASH AND CASH EQUIVALENTS

At June 30, 2020, the Clerk of Court – Salary Fund, has cash in checking accounts (book balances) totaling \$16,810,247 and bank balances for these accounts were \$16,771,895. The Clerk of Court – Salary Fund also held a certificate of deposit with book and bank balances of \$8,842,468.

The deposits are stated at cost, which approximates market. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial risk is the risk that in the event of a bank failure, deposits may not be returned to it. As of year-end, \$25,614,363 of the Clerk’s bank balance was exposed to custodial credit risk. These deposits were collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Clerk’s name.

These deposits are secured from risk by \$500,000 of federal deposit insurance and two Federal Home Loan Bank Letters of Credit held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with par values and market values totaling \$24,000,000 at June 30, 2020.

The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

(4) RECEIVABLES

The receivables of \$2,438,269 at June 30, 2020, are for court filing and recording fees (\$1,123,585), documentary tax fees (\$25,229), NSF and other chargeback fees (\$14,537), certificate of deposit interest (\$100,214) and FEMA stabilization (\$1,174,704).

(5) DUE TO JUDICIAL EXPENSE FUND

During fiscal year ended June 30, 2020, 100% of the filing fees collected were deposited into the Clerk’s bank account and a portion of those fees were disbursed by the Clerk to the Orleans Parish Civil Judicial Expense Fund at the close of each month. Employee benefits are paid by the Judicial Expense Fund and billed back to the Clerk each month. As of June 30, 2020, the Clerk had a net balance due to the Judicial Expense Fund of \$1,925,239. Such amount is represented as Due to Judicial Expense Fund on the Clerk’s financial statements.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS

Plan Descriptions

The majority of employees of the Clerk of Civil District Court for the Parish of Orleans are members of the Louisiana Clerks of Court Retirement and Relief Fund (LCCRRF), a cost-sharing multiple-employer, public employee retirement system (PERS), controlled and administered by a separate Board of Trustees. The LCCRRF system provides retirement, survivor, disability and terminated benefits to plan members and beneficiaries. The Louisiana Clerks' of Court Retirement and Relief Fund of Louisiana has issued a stand-alone audit report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.gov, or www.laclerksofcourt.org.

On January 1, 2009, three new divisions were consolidated into the Clerk's office. Employees of those divisions who were participants in one of the following plans, continued to participate in those plans. As of January 1, 2009, all new hires are required to participate in the LCCRRF. Those additional plans in which the employees of the Clerk participate are the Louisiana State Employees' Retirement System (LASERS) and the Employees' Retirement System of the City of New Orleans (Orleans).

The Louisiana State Employees' Retirement System is a cost-sharing multiple-employer defined benefit plan. Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org

The Employees' Retirement System of the City of New Orleans is a defined benefit pension plan established under the laws of the State of Louisiana. The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the retirement system under the management of the Board of Trustees, and also for changes in the retirement system by council action, subject to certain limitations for the purpose of providing retirement allowances, death, and disability benefits to all officers and employees of the parish, except those officers and employees who are already or may hereafter be included in the benefits of any other pension or retirement system of the City of New Orleans, the state, or any political subdivision of the state. The report may be obtained by writing to the City of New Orleans Employees' Retirement System, 1300 Perdido Street, Room 1E12, New Orleans, LA 70112. See page 36 for the Orleans System, or the website, www.nola.gov/nomers.

The Clerk of Civil District Court for the Parish of Orleans does not guarantee the benefits granted by any of the systems.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

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

Funding Policy

For the LCCRRF system, A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years (age 65 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to 3% percent of the member's monthly average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. The retirement benefit accrual rate is increased to 3 $\frac{1}{3}$ % for all service credit accrued after June 30, 1999 (for members hired prior to January 1, 2011). For members hired before July 1, 2006 and who retire prior to January 1, 2011, monthly average final compensation is based on the highest 36 consecutive months, with a limit increase of 10% in each of the last three years of measurement. For members hired after July 1, 2006, monthly average final compensation is based on the highest compensated 60 consecutive months, or successive joined months if service was interrupted, with a limit increase of 10% in each of the last five years of measurement. For members who were employed prior to July 1, 2006 and who retire after December 31, 2010, the period of final average compensation is 36 months plus the number of whole months elapsed since January 1, 2011, not to exceed 60 months.

For the LASERS system, the age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Contributions – LCCRRF and LASERS

According to state statute, for the LCCRRF system, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending June 30, 2019, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. LCCRRF payables at June 30, 2020 were \$103,385.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Contributions – LCCRRF and LASERS, (Continued)

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	8.25% \$ 407,290	-% \$ -
Employers	<u>19.00%</u> <u>952,537</u>	<u>27.25%</u> <u>1,359,827</u>
	<u>27.25%</u> <u>\$1,359,827</u>	<u>27.25%</u> <u>\$1,359,827</u>

For the LASERS system, contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Under the terms of the plan, employees contribute a specified percentage of their gross earnings and the Clerk also contributes a specified percentage. For the year ending June 30, 2020, the actual employer contribution rate and the actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	8.00% \$ 26,838	-% \$ -
Employers	<u>40.70%</u> <u>144,765</u>	<u>48.70%</u> <u>171,603</u>
	<u>48.70%</u> <u>\$ 171,603</u>	<u>48.70%</u> <u>\$ 171,603</u>

The Clerk's contributions to the LCCRRF system for the years ended June 30, 2020, 2019, 2018, were approximately \$1,360,000, \$1,400,000, and \$1,280,000, respectively, equal to the required contributions for each year. The Clerk's contributions to the LASERS system for the years ended June 30, 2020, 2019, 2018, were approximately \$172,000, \$157,000 and \$151,000, respectively, equal to the required contribution for each year.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

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

At June 30, 2020, the Clerk reported a liability totaling \$11,969,065, of which \$10,676,283 was for its proportionate share of the net pension liability for the LCCRRF system and \$1,292,782 for the LASERS System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the Net Pension Liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Clerk's proportion was 5.879037% for the LCCRRF system, which was an increase of .062022% from its proportion measured as of June 30, 2018. At June 30, 2019, the Clerk's proportion was .017844% for the LASERS system, which was an increase of .000291% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Clerk recognized pension expense for the LCCRRF and LASERS systems totaling \$3,151,925, of which \$2,884,657 was for the LCCRRF system and \$267,268 for the LASERS System. Added to pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$380,299, of which \$290,249 was for the LCCRRF and \$90,050 was for the LASERS System.

For the year ended June 30, 2020, the Clerk recognized revenue for the support provided by non-employer contributing entities totaling \$646,446, all from the LCCRRF system.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – LCCRFF and LASERS (Continued)

At June 30, 2020, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 299,772	\$ 7,938	\$ 307,710	\$ -	\$ 2,686	\$ 2,686
Change in assumptions	682,464	11,078	693,542	-	-	-
Net difference between projected and actual earnings on pension plan investments	827,120	44,664	871,784	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	862,435	14,270	876,705	233,202	6,704	239,906
Employer contributions subsequent to the measurement date	<u>952,537</u>	<u>144,764</u>	<u>1,097,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$3,624,328</u>	<u>\$ 222,714</u>	<u>\$3,847,042</u>	<u>\$ 233,202</u>	<u>\$ 9,390</u>	<u>\$ 242,592</u>

Employer contributions subsequent to the measurement date totaling \$1,097,301 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. 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:	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>
2021	\$ 1,073,716	\$ 52,528	\$ 1,126,244
2022	431,213	(12,998)	418,215
2023	642,249	12,288	654,537
2024	<u>291,411</u>	<u>16,742</u>	<u>308,153</u>
Total	<u>\$ 2,438,589</u>	<u>\$ 68,560</u>	<u>\$ 2,507,149</u>

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRFF System

The total pension liability in the June 30, 2019 actuarial valuation for the LCCRFF System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense, including inflation
Inflation rate	2.5%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males) and projected to 2030 using scale AA
Expected Remaining Service Lives	2019 – 5 years 2018 – 5 years 2017 – 5 years 2016 – 5 years 2015 – 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRFF System (Continued)

Mortality Rate

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund’s liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Long-term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 6.38% as of June 30, 2019. The 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:	20.00%	
Domestic bonds		2.50%
International bonds		3.50%
Domestic Equity	33.0%	7.50%
International Equity	27.0%	8.50%
Real Estate	10.00%	4.50%
Hedge Funds	10.00%	6.59%
Total	<u>100.00%</u>	

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRRF System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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 actuarially determined rates approved by Public Retirement Systems’ Actuarial Committee 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 of the Clerk’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk’s proportionate share of the Net Pension Liability using the discount rate of 6.75%, as well as what the Clerk’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	LCCRRF System		
		Current	
	1% Decrease	Discount Rate	1% Increase
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
Clerk’s proportionate share of the Net Pension Liability \$	15,863,183	\$ 10,676,283	\$ 6,275,985

The Louisiana Clerks’ of Court Retirement and Relief Fund of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System

The total pension liability in the June 30, 2019 actuarial valuation for the LASERS System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.60% per annum
Inflation	2.50% per annum
Expected Remaining Service Lives	2 years
Mortality Rates	Non-disabled members – Mortality rates for 2019 were based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System’s members.
Salary increases	Salary increases were projected based on a 2014-2018 experience study of the System’s members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.8%	14.0%

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (Continued)

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments 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 long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 are 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 and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	0.24%
Domestic equity	23%	4.83%
International equity	32%	5.83%
Domestic Fixed Income	6%	2.79%
International Fixed Income	3%	4.49%
Alternative Investments	29%	8.32%
Global Asset Allocation	7%	5.06%
 Total	 <u>100%</u>	

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at the contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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 of the Clerk’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk’s proportionate share of the Net Pension Liability using the discount rate of 7.60%, as well as what the Clerk’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	LASERS System		
	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Clerk’s proportionate share of the Net Pension Liability \$	1,631,656	\$ 1,292,782	\$ 1,006,548

Detailed information about the pension plan’s fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System

The system does not make separate measurements of assets and pension benefit obligations for individual employers therefore Net Pension Liability for the City of New Orleans Employees' Retirement System has not been recorded.

For the Orleans system, employer contributions are a percentage of earnable compensation of each member, known as "normal contributions," determined on the basis of regular interest and mortality tables adopted by the Board of Trustees, and additional percentage of earnable compensation, known as "Accrued Liability contributions," determined by actuary on basis of the amortization period adopted by the Board from time to time. Effective January 1, 2013, employee contributions are 6% of earnable compensation over \$1,200 per year. For the year ending June 30, 2020, the average actual employer contribution rate and the average actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>		<u>Actual Contribution</u>	
Contributions:				
Employees	6.00%	\$ 12,176	-%	-
Employers	<u>22.32%</u>	<u>46,179</u>	<u>28.32%</u>	<u>37,514</u>
	<u>28.32%</u>	<u>\$ 58,355</u>	<u>28.32%</u>	<u>\$ 37,514</u>

Annual Pension Cost

The Clerk's contribution to the Orleans system for the year ending June 30, 2020, 2019 and 2018 were approximately \$58,000, \$59,000, and \$59,000, respectively, equal to the required contribution for each year. The required contribution was determined as part of the December 31, 2019 actuarial valuation (last available).

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System (Continued)

Required supplemental information – Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
12/31/2012	\$ 372,049,545	\$545,394,780	\$ 173,345,235	68.22%	\$ 92,881,497	186.6%
12/31/2013	\$ 365,102,483	\$544,535,710	\$ 179,433,227	67.05%	\$ 92,440,354	194.1%
12/31/2014	\$ 352,915,906	\$540,175,678	\$ 187,259,772	65.34%	\$ 97,243,872	192.6%
12/31/2015	\$ 367,274,453	\$562,686,405	\$ 195,411,952	65.27%	\$ 105,691,915	184.9%
12/31/2016	\$ 377,748,008	\$609,079,637	\$ 231,331,629	62.02%	\$ 115,504,517	200.3%
12/31/2017	\$ 388,233,310	\$629,766,451	\$ 241,533,141	61.65%	\$ 120,808,711	199.9%
12/31/2018	\$ 403,015,342	\$658,352,626	\$ 255,337,284	61.22%	\$ 128,530,078	198.7%
12/31/2019	\$ 425,079,078	\$723,145,441	\$ 304,174,110	58.78%	\$ 149,538,039	203.4%

The following provides certain additional disclosures for the Clerk and the City of New Orleans Employees' Retirement System:

<u>Clerk of Civil District Court for the Parish of Orleans</u>	<u>Year Ended June 30, 2020</u>
Total current-year payroll	\$ 202,928
Total current-year covered payroll – employer	\$ 202,928
Total current-year covered payroll – employees (excluding DROP wages)	\$ 202,928
Actuarially required contribution	\$ 58,355
Percentage of total actuarially required contribution of all participating employers and employees	.25%

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System (Continued)

Actuarial information about the system for its most recent year available, the year ended December 31, 2019, is presented below.

City of New Orleans Employees' Retirement System

Estimated payroll for current year	\$ 149,538,039
Total actuarially required contribution	\$ 22,890,640
Percent of estimated payroll	15.31%
Net assets, fair value	418,971,331
Actuarial accrued liability	<u>723,145,441</u>
Unfunded benefit obligation	<u>\$ 304,174,110</u>

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The system does not make separate measurements of assets and pension benefit obligations for individual employers.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(7) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Clerk of Court provides certain medical, prescription drug, dental and life insurance benefits for its eligible retirees and their dependents. All of the benefits are provided through the Louisiana Office of Group Benefits (OGB), with the exception of dental benefits. To be eligible to continue coverage under the Clerk’s plan, an employee must retire from the Clerk, have coverage in effect immediately prior to retirement, and receive retirement funds under one of the state retirement systems— Louisiana Clerks of Court Retirement and Relief Fund (“LCCRRF”), the Louisiana State Employees’ Retirement System (“LASERS”), or the City of New Orleans Municipal Employees’ Retirement System (“NOMERS”). No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.*

Benefits Provided

Retirees under the age of 65 have a choice between four fully-insured medical benefit options. At Medicare eligibility, retirees have four additional plans to choose from. Depending on the number of years of participation and whether the employee began participation prior to January 1, 2002, retirees are required to contribute between 25% and 81% of the OGB published premium rates. Retirees are also eligible to continue their OGB-sponsored life insurance coverage, both basic and supplemental for retirees and dependents. The Clerk pays 50% of the life insurance premium. Retirees are required to contribute the full premium for spouse and dependent child premiums.

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>153</u>
	<u>169</u>

Total OPEB Liability

The Clerk of Civil District Court’s total OPEB liability of \$8,085,142 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and other inputs

The total OPEB liability in the June 30, 2020 measurement was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%, including inflation
Discount rate	2.45%, net of OPEB plan investment expense, including inflation
Prior year discount rate	3.13%
Claim Cost Trend:	Medical, Medicare Advantage and dental premiums are assumed to increase at the following annual rates:

Projection Year	Local Plus		Open Access		Medicare Advantage	Dental
	Pre-65	Post-65	Pre-65	Post-65		
1	0.00%	0.00%	0.00%	0.00%	-18.25%	3.50%
2	-10.35%	-11.73%	4.58%	4.58%	-0.02%	3.25%
3	7.00%	5.50%	7.00%	5.50%	5.50%	3.00%
4	6.75%	5.25%	6.75%	5.25%	5.25%	3.00%
5	6.50%	5.00%	6.50%	5.00%	5.00%	3.00%
6	6.25%	4.75%	6.25%	4.75%	4.75%	3.00%
7	6.00%	4.50%	6.00%	4.50%	4.50%	3.00%
8	5.75%	4.50%	5.75%	4.50%	4.50%	3.00%
9	5.50%	4.50%	5.50%	4.50%	4.50%	3.00%
10	5.25%	4.50%	5.25%	4.50%	4.50%	3.00%
11	5.00%	4.50%	5.00%	4.50%	4.50%	3.00%
12	4.75%	4.50%	4.75%	4.50%	4.50%	3.00%
13+	4.50%	4.50%	4.50%	4.50%	4.50%	3.00%

The discount rate was based on the June 30, 2020 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate. Mortality rates for retirees were based on the RPH-2014 Healthy Annuitant Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate. Mortality rates for disabled retirees were based on the RPH-2014 Disabled Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 6,546,696
Changes for the year:	
Service cost	460,218
Interest	217,438
Differences between expected and actual experience	645,348
Changes in assumptions/inputs	348,763
Benefit payments and net transfers	<u>(133,321)</u>
Net changes	<u>1,538,446</u>
Balance at June 30, 2020	<u>\$ 8,085,142</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45%) or 1-percentage-point higher (3.45%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 9,949,574	\$ 8,085,142	\$ 6,633,178

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 6,278,283	\$ 8,085,142	\$ 10,645,038

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Clerk of Court recognized OPEB expense of \$786,581. At June 30, 2020, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 593,539	\$ 590,239
Changes of assumptions or other inputs	<u>948,478</u>	<u>-</u>
Total	<u>\$ 1,542,017</u>	<u>\$ 590,239</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:	
2020	\$ 108,924
2021	108,924
2022	108,924
2023	108,924
2024	108,924
Thereafter	<u>407,158</u>
	<u>\$ 951,778</u>

(8) CAPITAL ASSETS

A schedule of changes in capital assets follows:

	Balance <u>6/30/2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2020</u>
Equipment	1,878,255	92,072	-	1,970,327
Accumulated Depreciation	<u>(1,673,292)</u>	<u>(109,239)</u>	<u>-</u>	<u>(1,782,531)</u>
Capital Assets, Net	<u>\$ 204,963</u>	<u>\$ (17,167)</u>	<u>\$ -</u>	<u>\$ 187,796</u>

Included in Equipment assets above is \$711,013 of software that is an intangible asset. Amortization of \$17,030 was recorded on all intangible assets in the current year. The net book value of intangibles was \$0.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(9) FACILITIES, FURNITURE, FIXTURES AND EQUIPMENT OWNED BY OTHER ENTITIES

The office space occupied by the Clerk of Civil District Court for the Parish of Orleans is owned by the City of New Orleans, which is statutorily required to provide office space for the Clerk.

(10) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance at June 30, 2019</u>	<u>Net Increase (Decrease)</u>	<u>Balance at June 30, 2020</u>
Compensated absences	\$ 275,461	\$ (47,621)	\$ 227,840

(11) LEASE COMMITMENTS

The Clerk has various month to month leases during the year. Lease payments made during the year totaled \$1,337,332 which is included in office operations.

The Clerk entered into two non-cancellable three-year lease agreements for office and storage space on May 27, 2015. The leases commenced on July 1, 2015 and were scheduled to end on June 30, 2018. Prior to the end dates, the terms of the leases were extended through June 30, 2023. The Clerk entered into a non-cancellable four-year lease agreement for office space on December 3, 2015. The lease commenced on March 1, 2016 and was scheduled to end on February 28, 2020. On January 24, 2020, this lease was extended to February 28, 2022.

The Clerk has one lease agreement for two vehicles. The lease term is 36 months beginning May 31, 2019. Lease payments made for vehicle during the year totaled \$31,027 which is included in office operations. The monthly minimum lease rental for the lease is \$2,586.

Future minimum lease payments under these leases at June 30, 2020 are as follows:

2021	\$	851,124
2022		818,970
2023		<u>739,150</u>
		<u>\$ 2,409,244</u>

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

(12) DUE FROM JUDICIAL EXPENSE FUND

The bank account balances as of December 31, 2008, of the Mortgage and Conveyance offices were required to be transferred from the Judicial Expense Fund to the Clerk of Court upon consolidation of Mortgage and Conveyance into the Clerk of Court pursuant to Act 621 of the 2006 regular legislative session. The initial balance of the transfer and amount to be received from the Judicial Expense Fund was \$1,435,539 and was recorded in the Government-Wide Financial Statements. As of June 30, 2012, the Judicial Expense Fund agreed to transfer one percent per month of its share of filing fees to the Clerk of Court. These payments began on September 9, 2012 and reduce the amounts owed to the Clerk of Court upon receipt. The balance due at June 30, 2019 was \$1,022,230. The Clerk received \$56,985 of this amount during 2020, leaving a balance due of \$965,245 at June 30, 2020.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES:</u>			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$13,272,195	\$11,218,759	\$(2,053,436)
Fees for copies of documents and facsimiles	488,787	503,110	14,323
FEMA stabilization project	-	2,186	2,186
Remote access fees	-	1,365,309	1,365,309
Documentary tax income	-	133,304	133,304
JEF payments on A/R	-	67,511	67,511
UCC fees	-	182,679	182,679
Supreme Court civil case processing fees	-	16,787	16,787
Indigent legal fees	-	4,017	4,017
Interest earnings	<u>164,480</u>	<u>260,850</u>	<u>96,370</u>
 Total revenues	 <u>13,925,462</u>	 <u>13,754,512</u>	 <u>(170,950)</u>
<u>EXPENDITURES:</u>			
General government:			
Personnel services and related benefits	9,110,172	8,146,184	963,988
Operating services	<u>4,450,222</u>	<u>5,407,598</u>	<u>(957,376)</u>
 Total current expenditures	 13,560,394	 13,553,782	 6,612
 Computers, equipment, furniture & supplies	 <u>346,783</u>	 <u>92,072</u>	 <u>254,711</u>
 Total expenditures	 <u>13,907,177</u>	 <u>13,645,854</u>	 <u>261,323</u>
 Excess revenues over expenditures	 18,285	 108,658	 90,373
 FUND BALANCE AT BEGINNING OF YEAR	 <u>25,677,449</u>	 <u>25,677,449</u>	 <u>-</u>
 FUND BALANCE AT END OF YEAR	 <u>\$25,695,734</u>	 <u>\$25,786,107</u>	 <u>\$ 90,373</u>

(See Independent Auditors' Report)

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020*

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<u>Louisiana Clerks' of Court Retirement and Relief Fund</u>						
Clerk's Proportion of the Net Pension Liability	5.879037%	5.817014%	5.363142%	4.922200%	4.422629%	4.450706%
Clerk's Proportionate Share of the Net Pension Liability	\$ 10,676,283	\$ 9,675,444	\$ 8,114,080	\$ 9,105,941	\$ 6,634,083	\$ 6,003,387
Clerk's Covered-Employee Payroll	\$ 5,150,790	\$ 4,761,965	\$ 4,188,623	\$ 3,827,116	\$ 3,268,388	\$ 3,165,518
Clerk's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	207.27%	203.18%	193.72%	237.93%	202.98%	189.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.93%	80.33%	79.69%	74.17%	78.13%	79.37%
<u>LASERS System</u>						
Clerk's Proportion of the Net Pension Liability	1.784400%	0.017553%	0.017844%	0.014179%	0.01671%	0.02621%
Clerk's Proportionate Share of the Net Pension Liability	\$ 1,292,782	\$ 1,197,102	\$ 1,256,009	\$ 1,113,413	\$ 1,136,260	\$ 1,638,652
Clerk's Covered-Employee Payroll	\$ 345,669	\$ 331,883	\$ 317,431	\$ 334,822	\$ 389,953	\$ 540,849
Clerk's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	373.99%	360.70%	395.68%	332.54%	291.38%	302.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	64.30%	62.54%	57.73%	62.66%	65.02%

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

**The amounts presented have a measurement date of the previous fiscal year end.*

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
<u>Louisiana Clerks' of Court Retirement and Relief Fund</u>						
Contractually Required Contribution	\$ 952,537	\$ 978,651	\$ 904,773	\$ 796,120	\$ 1,035,441	\$ 886,592
Contributions in Relation to the Contractually Required Contribution	<u>(952,537)</u>	<u>(978,651)</u>	<u>(904,773)</u>	<u>(796,120)</u>	<u>(1,035,441)</u>	<u>(886,592)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>				
Clerk's Covered-Employee Payroll	\$ 5,013,354	\$ 5,150,790	\$ 4,761,965	\$ 4,188,623	\$ 3,827,116	\$ 3,268,388
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	19.00%	19.01%	27.06%	27.13%
<u>LASERS System</u>						
Contractually Required Contribution	\$ 144,765	\$ 131,009	\$ 125,783	\$ 113,576	\$ 149,779	\$ 173,739
Contributions in Relation to the Contractually Required Contribution	<u>(144,765)</u>	<u>(131,009)</u>	<u>(125,783)</u>	<u>(113,576)</u>	<u>(149,779)</u>	<u>(173,739)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>				
Clerk's Covered-Employee Payroll	\$ 355,689	\$ 345,669	\$ 331,883	\$ 317,431	\$ 334,822	\$ 389,953
Contributions as a Percentage of Covered-Employee Payroll	40.70%	37.90%	37.90%	35.78%	44.73%	44.55%

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
Total OPEB Liability:			
Service cost	\$ 460,218	\$ 431,432	\$ 418,867
Interest	217,438	199,682	212,239
Changes of benefit terms	-	-	-
Differences between expected and actual experience	645,348	(786,985)	19,089
Changes of assumptions	348,763	846,122	-
Benefit payments	<u>(133,321)</u>	<u>(171,262)</u>	<u>(133,155)</u>
 Net change in total OPEB liability	 1,538,446	 518,989	 517,040
 Total OPEB liability - beginning	 <u>6,546,696</u>	 <u>6,027,707</u>	 <u>5,510,667</u>
 Total OPEB liability - ending	 <u>\$ 8,085,142</u>	 <u>\$ 6,546,696</u>	 <u>\$ 6,027,707</u>
 Covered-employee payroll	 \$ 5,989,006	 \$ 5,448,558	 \$ 5,289,862
 Net OPEB liability as a percentage of covered employee payroll	 135.00%	 120.15%	 113.95%

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2020

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

For the Louisiana Clerks' of Court Retirement and Relief Fund, there were no changes of benefit terms during any of the years presented.

For LASERS, a 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session, and, added benefits for members of the Harbor Police Retirement System which was merged with LASERS effective July 1, 2015 by Act 648 of 2014.

Changes of Assumptions

For the year ended June 30, 2018, the Louisiana Clerks' of Court Retirement and Relief Fund's (LCCRF) expected long-term rate of return assumption was lowered from 7.60% to 7.10%, a decrease of .50%. For the year ended June 30, 2017, the LCCRF's expected rate of return assumption was raised from 7.20% to 7.60%, an increase of .40%. For the year ended June 30, 2016, the LCCRF's expected rate of return assumption was lowered from 7.90% to 7.20%, a decrease of .70%. For the year ended June 30, 2015, the LCCRF lowered its projected salary increase percentage from 5.75% to 5.00%, a decrease of .75%.

During the year ended June 30, 2019, the Louisiana State Employees' Retirement System (LASERS) adjusted its assumption of the investment rate of return and the discount rate from 7.65% to 7.60%. LASERS lowered its inflation rate assumption from 2.75% to 2.50%. Additionally, LASERS adjusted its expected remaining service lives from 3 years to 2 years. Mortality rates used changed from RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 to RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018. The adjusted the ranges of its salary increase assumptions from 3.4% – 14.3% to 3.2% – 14.0%. During the year ended June 30, 2018, LASERS adjusted its assumption of the investment rate of return and the discount rate from 7.70% to 7.65%. During the year ended June 30, 2017, the LASERS adjusted its assumption of the investment rate of return and the discount rate from 7.75% to 7.70%. LASERS lowered its inflation rate assumption from 3.0% to 2.75%. Additionally, LASERS adjusted the ranges of its salary increase assumptions from 3.6% – 14.5% to 3.4% – 14.3%.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2020

(2) SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Changes of Benefit Terms

There were no changes of benefit terms in the year presented.

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. For the years ended June 30, 2020, 2019, and 2018, 2.45%, 3.13% and 3.62%, respectively, were used as the discount rate. During the year ended June 30, 2020, the mortality rate table was updated to the PubG.H-2010 Employee and Healthy Retiree Generational with Scale MP-2019.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Chelsey R. Napoleon</u>
Time period	7/1/2019 - 6/30/2020
Salary	\$ 135,189
Expense warrant	16,979
Clerk supplemental	24,600
Benefits - health insurance	9,472
Benefits - deferred compensation	9,499
Benefits - retirement	48,170
Conventions and seminars (registration fees)	125
Membership dues	1,439
Travel - airfare and lodging (conventions)	516
 Total compensation, benefits, and other payments	 \$ 245,989



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Chelsey R. Napoleon
Clerk of Civil District Court for the Parish of Orleans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund - Salary Fund of the Clerk of Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

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

To the Honorable Chelsey R. Napoleon
Clerk of Civil District Court for the Parish of Orleans
New Orleans, Louisiana

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance.

This report is intended solely for the information and use of management and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
December 22, 2020



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
Schedule of Current Year Findings
For the Year Ended June 30, 2020

Section I - Summary of Auditor's Reports

1. The independent auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies in internal control was disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance, required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. There was no findings required to be reported in accordance with CFR 200.516 of the Uniform Guidance.
5. There were no programs tested as major programs.

Section II - Financial Statement Findings

None noted

Section III Federal Award Findings and Questioned Costs

Not Applicable



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken (Yes, No, Partially)
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Section I - Internal Control and Compliance Material to the Financial Statements:

THERE WERE NO PRIOR FINDINGS

Section II - Internal Control and Compliance Material to Federal Awards:

THERE WERE NO PRIOR FINDINGS

Section III - Management Letter:

THERE WERE NO PRIOR FINDINGS