

LAFOURCHE PARISH CLERK OF COURT
Thibodaux, Louisiana

Annual Financial Report
For the Year Ended June 30, 2019

LAFOURCHE PARISH CLERK OF COURT
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For the Year Ended June 30, 2019

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**LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

The following discussion and analysis of the Lafourche Parish Clerk of Court's (the Clerk's) financial performance provides an overview of the financial activities as of and for the fiscal year ended June 30, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follows this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,970,726 at the end of the current fiscal year. Net position consisted of net investment in capital assets in the amount of \$169,025, (4%) and unrestricted net position in the amount of \$3,801,701 (96%).
- The total net position increased by \$1.3 million over the prior fiscal year.
- As of the close of the current fiscal year, the governmental funds showed combined ending fund balances totaling \$8,360,635 an increase of \$1,279,921 over the prior fiscal year. Of the total ending fund balance, all was considered available for funding future operational needs (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was 283% of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (Statement of Net Position and the Statement of Activities) provide information about the governmental activities as a whole and present a longer-term view of the finances. Fund Financial Statements (Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance, and Combining Statement of Fiduciary Net Assets) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Statements by providing information about the most significant funds.

Our auditor has provided assurance in his independent auditor's report that the basic financial statements are fairly stated. The auditor, regarding the Required Supplemental Information is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts in the Annual Financial Report.

LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions that are principally supported by fines and fees charged to the public (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Fund Financial Statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

**LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Clerk of Court is the trustee, or fiduciary, for funds reserved by the Court and Advanced Costs collected for court costs. All of these fiduciary activities are reported in a separate Combined Statement of Fiduciary Net Assets. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The net position totaled \$3,970,726 at the end of the current fiscal year, which was a 47% increase over the prior fiscal year. Following is a summary of the government-wide Statement of Net Position:

	FY 2019	FY 2018	Increase (Decrease)
Current and Other Assets	\$ 8,460,065	\$ 7,165,093	\$1,294,972
Capital Assets	169,025	199,332	(30,307)
Total Assets	8,629,090	7,364,425	1,264,665
Deferred outflows of resources	859,336	512,192	347,144
Current Liabilities	99,430	84,379	15,051
Non Current Liabilities	4,970,934	4,834,974	135,960
Total Liabilities	5,070,364	4,919,353	151,011
Deferred inflows of resources	447,336	263,142	184,194
Net Investment in Capital Assets	169,025	199,332	(30,307)
Unrestricted	3,801,701	2,494,790	1,306,911
Total Net Position	\$ 3,970,726	\$ 2,694,122	\$1,276,604

- The portion of the net position – net investment in capital assets (e.g., building improvements and equipment) are not available for future spending. The Clerk cannot sell the assets to obtain funding.
- The remaining balance of net position is considered unrestricted and may be used to meet the ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years, the reported positive balances in all categories of net assets.

**LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Changes in Net Position. For the year ended June 30, 2019, the net position increased by \$1,276,604, an indication that its financial position increased during the year. Following is a summary of the government-wide Statement of Activities:

	FY 2019	FY 2018	Increase (Decrease)
Total program expenses	\$(2,961,517)	\$(2,797,921)	\$ 163,596
Total program revenues	<u>4,133,483</u>	<u>4,023,175</u>	<u>110,308</u>
Net program income	1,171,966	1,225,254	(53,288)
General revenues	<u>104,638</u>	<u>211,349</u>	<u>(106,711)</u>
Change in Net Position	1,276,604	1,436,603	(159,999)
Net Position:			
Beginning of the year	<u>2,694,122</u>	<u>1,257,519</u>	<u>1,436,603</u>
End of the year	<u><u>\$ 3,970,726</u></u>	<u><u>\$ 2,694,122</u></u>	<u><u>\$1,276,604</u></u>

- Program revenues in the amount of \$4,133,483 accounted for 98% of total revenues. Charges for services provided increased by \$110,308 (2%) over the prior fiscal year.
- General revenues (interest) in the amount of \$104,638 accounted for 2% of total revenues.
- Total expenses decreased by \$163,596 or 6% over the prior fiscal year.

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The Clerk uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for funding future operational needs.

**LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Major Governmental Fund

The **General Fund** is the chief operating fund. At the end of the current fiscal year, fund balance totaled \$8,360,635, of which all was unassigned.

The fund balance of the General Fund increased by \$1,279,921 during the current fiscal year, as compared to the prior fiscal year. This increase as compared to the prior fiscal year is due to increases in revenues and reduction in expenses.

BUDGETARY HIGHLIGHTS

The original budget for the General Fund was not revised during the fiscal year. Total variances were all favorable. Total revenues recorded were 21% more than budgeted. Total expenditures were 14% less than budgeted.

CAPITAL ASSETS

Capital assets include furniture and fixtures, office equipment, leasehold improvements and intangibles recorded at historical cost of \$1,396,494. Accumulated depreciation of \$1,227,469 deducted from the cost of assets resulted in an ending book balance of assets of \$169,025.

This year there were \$28,411 in additions and \$28,303 in deletions recorded to capital assets. Depreciation expense of \$58,717 was recorded for the year. More detailed information about the capital assets is presented in Note 4 to the financial statements.

LONG-TERM OBLIGATIONS

The Clerk has long-term obligations recorded for compensated absences in the amount of \$88,870; net pension liability of \$2,432,971, and other post-employment benefits of \$2,449,093. More detailed information about these long term obligations is presented in Note 5 and Note 6 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of next year's budget follows:

Condensed Summary of Budgeted Finances	
	<u>FY 2020</u>
Anticipated revenues	\$ 3,664,201
Expenditures:	
Current	3,560,850
Capital outlay	<u>0</u>

**LAFOURCHE PARISH CLERK OF COURT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

Anticipated expenditures	<u>3,560,850</u>
Excess of revenues	103,351
Fund Balance:	
Beginning of the year	<u>7,080,714</u>
End of the year	<u><u>\$ 7,184,065</u></u>

Revenues have remained stable and as a result there is no planned increase in fees or service costs for the next fiscal year.

Through prudent planning and decision making, cross-training employees and the combination of job duties, we have only a minimal increase in employee wages and costs. .

We are pleased that our operating expenses have not increased over the last year and that we are bringing in revenue to meet our expenses. We have added some additional amounts to our budget to continue our technology upgrades which includes our electronic filing project and conversion from microfilm to digital for civil images dating back to the early 1900's.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact:

Honorable Annette M. Fontana
Lafourche Parish Clerk of Court
P.O. Box 818
Thibodaux, LA 70302
985-447-4841

Financial Section



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Annette M. Fontana
Lafourche Parish Clerk of Court
Thibodaux, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lafourche Parish Clerk of Court as of and for the year ended June 30, 2019, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Honorable Annette M. Fontana
Lafourche Parish Clerk of Court
Thibodaux, Louisiana
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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule, and Pension Schedules as listed in the table of contents as required supplementary information 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.



Honorable Annette M. Fontana
Lafourche Parish Clerk of Court
Thibodaux, Louisiana
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Other Information

The Schedule of Compensation, Benefits, and Other Payment to the Agency Head as listed in the table of contents as other supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This schedule is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2019, on our consideration of the Lafourche Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lafourche Parish Clerk of Court's internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, LA
December 9, 2019



LAFOURCHE PARISH CLERK OF COURT

Statement of Net Position

June 30, 2019

<u>ASSETS</u>	<u>Governmental Fund</u>
Cash and cash equivalents	\$ 5,105,802
Investments	2,472,279
Receivables	107,923
Due from Agency Funds	774,061
Capital assets, net of accumulated depreciation	<u>169,025</u>
 Total assets	 <u>8,629,090</u>
 Deferred outflows of resources - OPEB	 228,883
Deferred outflows of resources - contributions	261,283
Deferred outflows of resources - other	<u>369,170</u>
Total Deferred outflows of resources	<u>859,336</u>
 <u>LIABILITIES</u>	
Current liabilities	
Accounts payable and accrued expenses	<u>99,430</u>
Total current liabilities	99,430
Non-current liabilities	
Compensated absences	88,870
Net pension liability	2,432,971
Net OPEB	<u>2,449,093</u>
Total noncurrent liabilities	<u>4,970,934</u>
Total liabilities	<u>5,070,364</u>
 Deferred inflows of resources	 447,336
 <u>NET POSITION</u>	
Net Investment in Capital Assets	169,025
Unrestricted	<u>3,801,701</u>
 Total net position	 <u>\$ 3,970,726</u>

See notes to financial statements.

LAFOURCHE PARISH CLERK OF COURT

Statement of Activities

For the Year Ended June 30, 2019

<u>EXPENSES</u>	
Salaries and benefits	\$ 2,017,332
Group Insurance	412,068
Other Insurance	28,141
Office supplies and expense	417,556
Telephone	13,111
Convention and Travel	14,592
Depreciation	58,717
Total program expenses	<u>2,961,517</u>
 <u>PROGRAM REVENUES</u>	
Charges for services	<u>4,133,483</u>
Total program revenues	<u>4,133,483</u>
 Net Program (Income) Expense	 1,171,966
 <u>GENERAL REVENUES</u>	
Interest earned	104,638
Gain on disposal	-
Total general revenues	<u>104,638</u>
 Change in Net Position	 1,276,604
 <u>NET POSITION</u>	
Beginning of year	<u>2,694,122</u>
End of year	<u>\$ 3,970,726</u>

See notes to financial statements.

LAFOURCHE PARISH CLERK OF COURT
Balance Sheet - Governmental Fund - General Fund
June 30, 2019

<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,105,802
Investments	2,472,279
Receivables	
Accounts	85,170
Interest	22,753
Due from Other Funds	<u>774,061</u>
 Total assets	 <u><u>\$ 8,460,065</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
Accounts payable and accrued expenses	<u>\$ 99,430</u>
Total liabilities	99,430
 Fund Balance :	
Unassigned Fund Balance	<u>8,360,635</u>
Total fund balance	<u><u>8,360,635</u></u>
 Total liabilities and fund balances	 <u><u>\$ 8,460,065</u></u>

See notes to financial statements.

LAFOURCHE PARISH CLERK OF COURT
*Reconciliation of the Balance Sheet- Governmental Fund
to the Statement of Net Position
June 30, 2019*

Total fund balance - governmental fund (Fund Financial Statement) \$ 8,360,635

Amounts reported for *governmental activities* in the statement of net position
are different because:

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

Capital Assets at Cost	\$ 1,396,494	
Accumulated Depreciation	<u>(1,227,469)</u>	
		169,025

Certain non-current liabilities are not due and payable in
the current period and therefore are not reported in the
funds:

Net Pension liability	(2,432,971)	
Compensated absences	(88,870)	
Other Post-Employment Benefits Liability	<u>(2,449,093)</u>	
		(4,970,934)

Deferred outflows and inflows of resources related to
pensions & OPEB are applicable to future periods and,
therefore, are not reported in the funds

Deferred outflows of resources - OPEB	228,883	
Deferred outflows of resources - contributions	261,283	
Deferred outflows of resources - other	<u>369,170</u>	
		859,336
Deferred inflows of resources - OPEB	(198,540)	
Deferred inflows of resources - pensions	<u>(248,796)</u>	

		<u>(447,336)</u>
Total net position of governmental activities (Government-Wide Financial Statements)		<u><u>\$ 3,970,726</u></u>

See notes to the financial statements.

LAFOURCHE PARISH CLERK OF COURT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
For the Year Ended June 30, 2019

Revenues	
Suits and successions transferred	
from the Advance Deposit Fund	\$ 1,658,191
Recording fees	1,494,124
Fees in criminal cases	179,658
Certified copies	337,112
Interest earned	104,638
Mortgage certificates	17,460
Court attendance	19,880
Cancellations	11,765
Marriage licenses	18,190
Notarial fees	22,161
Other	374,942
Total revenues	4,238,121
Expenditures	
Current - Judiciary:	
Salaries and benefits	2,044,321
Group Insurance	412,068
Other Insurance	28,141
Office supplies and expense	417,556
Telephone	13,111
Convention and Travel	14,592
Total current expenditures	2,929,789
Capital outlay	28,411
Total expenditures	2,958,200
Net change in fund balance	1,279,921
Fund Balances	
Beginning of year	7,080,714
End of year	\$ 8,360,635

See notes to financial statements.

LAFOURCHE PARISH CLERK OF COURT

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance-
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2019*

Net change in fund balance - governmental fund (Fund Financial Statements) \$ 1,279,921

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities the cost of those assets
are allocated over the estimated useful lives and reported as
depreciation expense.

Capital outlay	\$ 28,411	
Depreciation expense	<u>(58,717)</u>	(30,306)

Repayment of long term obligations is reported as an expenditure
in governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets.

(Increase) Decrease in Compensated Absences	(2,478)
(Increase) Decrease in Other Post-Employment Benefit Cost	(12,253)
(Increase) Decrease in Pension Liability	(121,229)
(Increase) Decrease in deferred outflows -Pension	184,997
Increase (Decrease) in deferred inflows -Pension	(14,346)
Increase (Decrease) in deferred inflows -OPEB	198,540
(Increase) Decrease in deferred outflows for OPEB	<u>(206,242)</u>

Change in net assets of governmental activities	<u>\$ 1,276,604</u>
(Government -Wide Financial Statements)	

LAFOURCHE PARISH CLERK OF COURT
Combining Statement of Fiduciary Net Assets
 June 30, 2019

	Advance Deposit Fund	Registry of the Court Fund	Total
ASSETS			
Cash and cash equivalents	\$ 1,651,275	\$ 28,144	\$ 1,679,419
Investments	1,864,272	914,409	2,778,681
Interest receivable	14,728	-	14,728
	\$ 3,530,275	\$ 942,553	\$ 4,472,828
LIABILITIES			
Due to general fund	\$ 774,061	\$ -	\$ 774,061
Due to others	2,756,214	942,553	3,698,767
	\$ 3,530,275	\$ 942,553	\$ 4,472,828

See notes to the financial statements.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

INTRODUCTION

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as ex-officio notary public, the recorder of conveyances, mortgages, and other acts; and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term. The current term is July 1, 2016-June 30, 2020.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the Clerk is discussed below.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements present the Lafourche Parish Clerk of Court as the primary government as defined by GASBS No. 14; component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since, the Lafourche Parish Clerk of Court (Clerk of Court) is an independently elected official, and is legally separate and fiscally independent; they are considered a separate governmental reporting entity.

There are unrecorded financial transactions between the Lafourche Parish Council (the Council) and the Clerk of Court where the Council provides office space and utilities for the Clerk of Court. These transactions between the Clerk of Court and the Parish Council are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial statement level. Both levels of statements categorize primary activities as governmental. Government-wide financial statements report information about the reporting unit as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the entity and the change in aggregate financial position resulting from the activities of the year.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued***

B. Basic Financial Statements (continued)

These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include fees and charges to the public customers who use, or directly benefit from services, or privileges provided by a given function. Other items not reported as program revenues are reported instead as general revenues.

C. Measurement Focus / Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. A one-year availability period is used for revenue recognition. Expenditures are recorded when the related fund liability is incurred.

Fund Financial Statements (FFS)

The financial transactions of the Clerk of Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

Governmental Funds

Governmental funds account for all or most of the clerk's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

C. Measurement Focus / Basis of Accounting (continued)

The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations. The following are the clerk's governmental funds:

General Fund

The General Fund (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.

Fiduciary Funds

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

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*.

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual: The governmental-type activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C . Measurement Focus / Basis of Accounting (continued)

Modified Accrual: The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, money market accounts and cash on hand. Cash equivalents include time deposits maturing within 90 days. Under state law, the Clerk of Court may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

E. Investments

Investments are limited by Louisiana Revised Statute 25 33:2955 and the Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities of investments are 90 days or less, they are classified as cash and cash equivalents. The Clerk's investments consist of time deposits with maturities between 91 and 270 days.

F. Capital Assets

Capital assets purchased or acquired with a cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets (continued)

<u>Description</u>	<u>Estimated Lives</u>
Office Equipment	5 years
Furniture & Fixtures	10 years
Automobiles	5 years
Leased Equipment	5 years

G. Interfund Activities

The Clerk of Court transfers interest earned on the investments of the Advance Deposit Fund to the Salary Fund to be utilized by the Salary Fund in its operations. In those cases where the physical transfer of assets has not taken place as of year-end, or where repayment is expected, these amounts are accounted for through the various due to and due from accounts.

H. Fees Transferred from Advance Deposit Agency Fund

These fees represent revenue earned from everyday operations such as copying and faxing for litigants. These fees are collected by a transfer of litigant's money deposited in the Advance Deposit Fund to the Salary Fund.

I. Budgetary Practices

The Clerk of Court annually adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget. Any amendments to the budget are published in the official journal. Budgetary integration is employed as a management tool.

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the funds of the Clerk of Court.

J. Compensated Absences

The Clerk accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Compensated Absences (continued)

Employees earn a maximum of two weeks' vacation per year based on hire date. Vacation is accumulated at approximately one day per month and is credited to an employee each pay period. Employees are encouraged to take vacation time once ten days have been accumulated. Employees receive 12 days of personal leave for each year of service. The Clerk allows a maximum of 30 unused personal leave days to accumulate. Any personal leave time accumulated over 30 days will be paid to the employee annually through the pay period endings December 15th of each year. Accumulated personal leave is paid upon separation of employment. Based on this policy, all unpaid sick and vacation leave is considered to be a long term liability.

K. Net Position and Fund Equity

Government-wide Financial Statements

Equity is classified as net assets and displayed in three components:

- Net Investment in capital assets,—Consists of capital assets net of accumulated depreciation and net of capital related debt.
- Restricted net assets—Consists of net assets with constraints placed on the use by law through constitutional provisions or enabling legislation.
- Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the policy to use restricted resources first.

Fund Financial Statements

The Clerk has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. In the Fund Financial Statements, fund balance could consist of:

- Non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact;
- Restricted fund balance is amounts restricted to specific purposes.
- Committed fund balance is amounts that can only be used for specific purposes pursuant to official action prior to the end of the reporting period.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Net Position and Fund Equity (continued)

Fund Financial Statements (continued)

- Assigned fund balance is amounts designated to use for a specific purpose but is neither restricted nor committed. The Clerk has authority to assign fund balance. Assigned fund equity represents those portions of fund equity that are budgeted by through the formal budgeting process for specific purposes.
- Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

Louisiana R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court must pay the parish treasurer the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office, which amount shall be limited to no more than that which was received by the clerk in accordance with R.S. 1784 (A) during said term in office. The Parish Council has not provided any funding to the Clerk under statute R.S. 13:784 (A) for items such as office furniture, equipment, and record books. Therefore at June 30, 2016, which was the close of the four year term, there was no amount due the parish treasurer as no funds were received from the parish during said term .

L. 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 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Clerk has multiple items that qualify for reporting in this category:

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

M. Deferred Outflows/Inflows of Resources (continued)

- The Deferred Outflow of resources related to pension contributions. This deferred charge is the amount of the contributions the district paid after the pension plan measurement dates (June 30, 2018) with regards to GASB 68. These employer contributions from July 2018-June 2019 were \$261,283. This amount will be amortized using a straight line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.
- Another amount in the deferred outflows category is the deferral of other pension liability related outflows. This deferred charge is the Clerk's proportionate share of deferred outflows at June 30, 2018 (the pension plan measurement date), which includes the changes in employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date and were recognized in the Clerk's pension expense/(benefit) using a straight amortization method over a period equal to the average of the expected remaining services lives (3 years) of all employees that are provided pensions through the pension plan. The change in proportion was \$369,170 for the current measurement period.
- Another amount in the deferred outflows category is the deferral of OPEB liability related outflows. This deferred charge is the Clerk's proportionate share of deferred outflows at June 30, 2018 (the plan measurement date), which includes the changes in employer's proportionate shares of the collective net OPEB liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date and were recognized in the Clerk's OPEB expense/(benefit) using a straight amortization method over a period equal to the average of the expected remaining services lives of all employees that are provided pensions through the pension plan. The change in proportion was \$228,883 for the current measurement period.

In addition to liabilities, the statement of financial position also reports a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflow of \$248,796 pensions and \$198,540 for OPEB is for the proportionate share of the differences between the expected and actual experience. The measurement of the total pension and OPEB liability was recognized in respective expense using the straight-line amortization method over a period equal to the average of the expected remaining service lives of all employees that are provided with pension through the pension plans.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 2 DEPOSITS AND INVESTMENTS

Deposits (demand deposits, interest bearing demand deposits and certificates of deposit) are recorded at cost, which approximates fair value.

At June 30, 2018 the carrying amounts of deposits are as follows:

	Balances	
	Book	Bank
Governmental Fund – Cash	\$ 5,105,802	\$ 5,005,041
Governmental Fund – Investments	2,472,279	2,475,139
Fiduciary Fund – Cash	1,679,419	2,317,866
Fiduciary Fund – Investments	2,778,681	2,356,004
Total deposits	\$ 12,036,181	\$ 12,154,050

The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Under state law, the book 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 (FDIC) 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 Credit Risk—Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of June 30, 2019, \$10,917,160 of the bank balance was considered exposed to custodial credit risk. Pledged securities secure these deposits from risk. The pledged securities are held at the pledging bank’s trust department or other bank, acting as the pledging bank’s agent, in the Clerk of Court’s name.

Even though the pledged securities are considered uncollateralized 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.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 3 RECEIVABLES

The accounts receivables of \$85,170 consists of amounts due from attorneys for recording court fees and expenses related to cases in progress, from abstractors for certified copies, and interest.

Note 4 CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Furniture & fixtures	\$482,753	\$28,411	(\$28,303)	\$482,861
Office equipment	21,161	-	-	21,161
Leasehold Improvements	545,976	-	-	545,976
Intangibles	346,497	-	-	346,497
TOTAL COST	1,396,387	\$28,411	(\$28,303)	1,396,494
Less accumulated depreciation	\$1,197,055	\$58,717	(\$28,303)	1,227,469
NET CAPITAL ASSETS	\$199,332			\$169,025

Depreciation charged for governmental functions for the year was \$58,717.

Note 5 OTHER POST-RETIREMENT BENEFITS

Plan Description. The defined benefit postemployment health care plan (the plan) provides OPEB to eligible retired employees and their beneficiaries. The plan provides OPEB for permanent full-time employees of the Clerk. The plan is a single employer defined benefit OPEB plan administered by the Clerk. Benefits are provided through the Louisiana Clerks of Court Insurance Trust ("LCCIT"), a multiple-employer healthcare plan administered by the Louisiana Clerks of Court Association. Louisiana Revised Statute 13:783 grants the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The premium rates are established and may be amended by the CLLIT board of trustees, with the Clerk determining the contribution requirements of the retirees.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
 For the Year Ended June 30, 2019

Note 5 **POST-RETIREMENT BENEFITS (CONTINUED)**

Benefits Provided. The Clerk provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50% of retiree and 0% of dependent pre-Medicare health, Medicare Supplement, vision, and dental insurance premiums. The plan also provides for payment of 100% of retiree life insurance premiums.

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

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>34</u>
	<u>48</u>

Total OPEB Liability. The total OPEB liability of \$2,449,093 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	3.00%
Discount rate	3.13%
Healthcare cost trend rates	
Medical:	-4.76% in first year, then 6.75%, decreasing 0.25% per year to an ultimate rate of 5.0%
Medicare Supplement:	Initially 5.5%, decreasing 0.25% per year to an ultimate rate of 3.0%. Include 2% per year for aging.
Dental:	-0.69% for 2019, 3.25% for 2020, decreasing 0.25% per year to an ultimate rate of 3.0% for 2021 and later years.
Vision:	-9.98% for 2019, then 3.0% per year

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 5 **POST-RETIREMENT BENEFITS (CONTINUED)**

Retirees' Share of Benefit-Related Costs:

Medical:	50% for retirees and 100% for dependents
Medicare Supplement:	50% for retirees and 100% for dependents
Dental:	50% for retirees and 100% for dependents
Vision:	50% for retirees and 100% for dependents
Basic Life Insurance:	0%

The discount rate was based on the 6/30/2019 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2018 for males or females, as appropriate.

The actuarial assumptions used in the valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

Changes in the Total OPEB Liability (Asset)

Balance at 6/30/2018	\$2,436,840
Changes for the year:	
Service Cost	46,235
Interest	75,824
Differences between expected and actual experience	(220,600)
Changes in Assumptions/Inputs	231,953
Benefit payments	(121,159)
	<u>12,254</u>
Change in Net OPEB Obligation	<u>12,254</u>
Ending Net OPEB Obligation	<u>\$2,449,093</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 5 **POST-RETIREMENT BENEFITS (CONTINUED)**

	1.0% Decrease (2.13%)	Current Discount Rate (3.13%)	1.0% Increase (4.13%)
Total OPEB liability	\$ 2,913,053	\$ 2,449,093	\$ 2,079,579

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability, as well as what the 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:

	1.0% Decrease	Current Trend	1.0% Increase
Total OPEB liability	\$ 2,150,288	\$2,449,093	\$ 2,842,272

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2019, the Clerk recognized OPEB expense of \$125,710 and 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	\$ 20,125	\$(198,540)
Changes of assumptions or other inputs	208,758	0
Total	\$ 228,883	\$(198,540)

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 PENSION PLAN (continued)

Retirement Benefits

A member or former member is eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 or more and terminating employment. Regular retirement benefits, payable monthly for life, equal 3-1/3% of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated 36 consecutive months, with a limit of increase of 10% in each of the last 3 years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated 60 consecutive months with a limit of 10% increase in each of the last 6 years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of 3% for all members hired on or after January 1, 2011, not to exceed 60 months.

Disability Benefits

Disability benefits are awarded to active members who are totally and permanently disabled as a result of injuries sustained in the line of duty or to active members with 10 or more years of credible service who are totally disabled due to any cause. A member who is officially certified as totally or permanently disabled by the State Medical Disability Board will be paid monthly disability retirement benefits equal to the greater of 40% of their monthly average final compensation or 75% of their monthly regular retirement benefit computed as per R.S. 11:1521 (C).

Survivor Benefits

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic Option 2 benefits are payable to the surviving spouse.

Deferred Retirement Option Plan

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in DROP for up to 36 months and defer the receipt of benefits.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 PENSION PLAN (continued)

Cost of Living Adjustments

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of \$40 per month. The LA statutes allow the board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later.

Employer Contributions

Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate of 19.00% of annual covered payroll for the year ending June 30, 2018 and remained the same for June 30, 2019. The contribution requirements of plan members and the Clerk of Court are established as amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

Effective July 1, 1999, the Louisiana Senate passed Bill #556 allowing the individual Clerks of Court to elect to pay both the employee and employer contributions into this retirement system. The Clerk has elected to do so for the year ending June 30, 2018.

The Clerk also contributes for its plan members in addition to its actuarially determined contributions bringing the total contribution to 27.25% of annual covered payroll. Contributions to the system also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

The Clerk of Court's contribution for the years ending June 30, 2019 were \$359,193, \$261,283 which were equal to the required employer contributions and \$97,910 for employee contributions.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 PENSION PLAN (continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:

As of June 30, 2018, the Clerk reported a liability of \$2,432,971 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the proportion of the plan was 1.462737%, a decrease of 0.06525% from the prior valuation.

For the year ended June 30, 2018, the Clerk recognized pension expense of \$434,515 and the following deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 64,568	\$ (24,035)
Net difference between projected and actual earnings on investments	46,441	-
Changes in assumptions	252,778	-
Change in proportion	5,383	(224,761)
Employer contributions subsequent to the measurement date	261,283	-
	\$ 630,453	\$ (248,796)

The deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
 For the Year Ended June 30, 2019

Note 6 **PENSION PLAN (continued)**

Year ended June 30:	
2020	\$118,519
2021	41,879
2022	(82,760)
2023	42,736

Actuarial Assumptions

The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Investment rate of return	6.75%
Projected salary increases	5.00%
Inflation rate	2.5%
Expected remaining service lives	5 years

Mortality rates were based on the RP-2000 Employee Table (set back 4 years for males and 3 year for females),
 RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 year for females),
 RP-2000 Healthy Annuitant Table (set forward 1 year for males) and projected to 2030 using scale AA for males and females.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 **PENSION PLAN (continued)**

The long-term expected real rates of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. The long-term expected rate of return was 7.10% as of June 30, 2018.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Core Fixed Income	5.00%	1.75%
Core plus fixed income	15.00%	2.00%
Large cap domestic Equity	21.00%	4.50%
Non-large cap domestic equity	7.00%	4.75%
Large cap international Equity	14.00%	4.75%
Small cap international equity	6.50%	4.50%
Emerging markets	6.50%	6.25%
Real Estate	10.00%	4.00%
Master Limited Partnerships	5.00%	6.00%
Hedge Funds	10.00%	3.50%
Totals	100.00%	

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 the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Plan's actuary.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 6 PENSION PLAN (continued)

Based on these assumptions, the Plan'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 period of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount rate

The following presents the net pension liability of the participating employers calculated using the discount rates as shown above, as well as what the net pension liability would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75</u>
Net Pension Liability	\$3,719,472	\$ 2,432,971	\$ 1,366,575

Pension plan fiduciary net position:

Detailed information about the Plans' fiduciary net position is available in the separate issued financial statements of the Plans and can be found at laclerkofcourt.org/retirement.htm.

Support of Non-employer contributing entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Clerk recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2018, the Clerk recognized revenue as a result of support received from non-employer contributing entities of \$160,450 for its participation in LCCRF.

Payables to the pension plans:

At June 30, 2019, amount due to the pension plan for employer and employee required contributions is \$16,147.

LAFOURCHE PARISH CLERK OF COURT
Notes to Financial Statements
For the Year Ended June 30, 2019

Note 7 **DEFERRED COMPENSATION PLAN**

The Clerk of Court employees participate in the State of Louisiana Deferred Compensation Plan. This Plan was established pursuant to IRC Section 457 and Louisiana R.S. 42:1301-1308. The Plan provides state, parish, and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal or state income tax on their contributions. In addition, interest or earnings on the participant's account accumulate tax-deferred.

The participants may choose the amount to contribute with the maximums defined by the Internal Revenue Code and the investment option(s). The Clerk of Court agreed to match each participant's contribution up to a maximum of 10% for the current fiscal year. Total contributions made by the Clerk of Court on behalf of the employees were \$96,389.

Note 8 **EXPENDITURES OF THE CLERK OF COURT PAID BY THE PARISH COUNCIL**

The Clerk of Court's office is located in the parish courthouse. The expenditures for maintenance and operation of the parish courthouse are paid by the Lafourche Parish Council and are not included in the accompanying financial statements. The amount of these expenditures paid by the Parish Council is indeterminate.

Note 9 **RISK MANAGEMENT**

GENERAL LIABILITY INSURANCE

The Clerk of Court is exposed to various risks of loss related to tort, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk of Court purchases commercial insurance policies for any and all claims relating to the above types of risks.

The Clerk's payment of the deductible is the only liability associated with these insurance policies. There has been no significant reduction in insurance coverage in the prior year. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

HEALTH INSURANCE

The Clerk of Court provides health and life insurance to employees through the Louisiana Clerk of Court Association. Under this insurance program, the Clerk pays initial premiums based on the level of the employee's participation and has no further liabilities on any claims.

Required Supplemental Information

LAFOURCHE PARISH CLERK OF COURT
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final *</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Suits and successions transferred from the Advance Deposit Fund	\$ 1,439,709	\$ 1,439,709	\$ 1,658,191	\$ 218,482
Recording fees	1,182,000	1,182,000	1,494,124	312,124
Fees in criminal cases	190,000	190,000	179,658	(10,342)
Certified copies	320,000	320,000	337,112	17,112
Interest earned	8,651	8,651	104,638	95,987
Mortgage certificates	17,000	17,000	17,460	460
Court attendance	20,000	20,000	19,880	(120)
Cancellations	16,000	16,000	11,765	(4,235)
Marriage licenses	17,000	17,000	18,190	1,190
Notarial fees	18,000	18,000	22,161	4,161
Other	134,900	134,900	374,942	240,042
Total revenues	<u>3,363,260</u>	<u>3,363,260</u>	<u>4,238,121</u>	<u>874,861</u>
Expenditures				
Current-Judiciary:				
Salaries and benefits	1,640,800	1,640,800	2,044,321	(403,521)
Group Insurance	430,000	430,000	412,068	17,932
Other Insurance	40,000	40,000	28,141	11,859
Office operations	1,028,460	1,028,460	417,556	610,904
Telephone	16,000	16,000	13,111	2,889
Convention and Travel	8,000	8,000	14,592	(6,592)
Total current expenditures	<u>3,163,260</u>	<u>3,163,260</u>	<u>2,929,789</u>	<u>233,471</u>
Capital outlay	<u>200,000</u>	<u>200,000</u>	<u>28,411</u>	<u>171,589</u>
Total expenditures	<u>3,363,260</u>	<u>3,363,260</u>	<u>2,958,200</u>	<u>405,060</u>
Excess (deficiency) of revenues over expenditures	-	-	1,279,921	1,279,921
Fund Balances				
Beginning of year	5,785,664	5,785,664	7,080,714	1,295,050
End of year	<u>\$ 5,785,664</u>	<u>\$ 5,785,664</u>	<u>\$ 8,360,635</u>	<u>\$ 2,574,971</u>

* NOTE: The budget was not amended during the year.

LAFOURCHE PARISH CLERK OF COURT
Last Ten Fiscal Years*
Louisiana Clerks' of Court Retirement & Relief Fund

Fiscal Year End Date Measurement Date	June 30, 2016 June 30, 2015	June 30, 2017 June 30, 2016	June 30, 2018 June 30, 2017	June 30, 2019 June 30, 2018
SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Proportion of the net pension liability	1.705096%	1.689061%	1.527986%	1.462737%
Proportionate share of the net pension liability	\$ 2,557,698	\$ 3,124,719	\$ 2,311,742	\$ 2,432,971
Covered employee payroll	\$ 1,542,600	\$ 1,541,679	\$ 1,358,787	\$ 1,375,171
Proportionate share of the net pension liability as a percentage of its covered employee payroll	165.80%	202.68%	170.13%	176.92%
Plan fiduciary net position as a percentage of the total pension liability	78.13%	74.17%	79.69%	79.07%
SCHEDULE OF CONTRIBUTIONS				
Contractually required contribution	\$ 293,094	\$ 261,906	\$ 258,170	\$ 258,041
Contributions paid	\$ (293,094)	\$ (261,906)	\$ (258,170)	\$ (261,283)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,242)</u>
Covered employee payroll	\$ 1,541,679	\$ 1,378,448	\$ 1,358,787	\$ 1,375,171
Contribution as a percentage of covered employee payroll	19.01%	19.00%	19.00%	19.00%

*Note: Initial Year of GASB 68 Implementation, Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

<i>Changes of Benefit Terms include:</i>	no changes	no changes	no changes	no changes
<i>Changes of Assumptions</i>				
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.25%	7.00%	7.00%	6.75%
Projected Salary Increases	5.75%	5.00%	5.00%	5.00%
Inflation rate	2.50%	2.50%	2.50%	2.50%
Expected service lives	5 years	5 years	5 years	5 years

LAFOURCHE PARISH CLERK OF COURT
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2019

Total OPEB Liability	6/30/2018	6/30/2019
Service cost	\$ 48,180	\$ 46,235
Interest	86,331	75,824
Changes of benefit terms	-	-
Differences between expected and actual experience	25,156	(220,600)
Changes in assumptions or other inputs	-	231,953
Benefit payments	<u>(118,981)</u>	<u>(121,159)</u>
Net change in Total OPEB Liability	40,686	12,253
Total OPEB Liability - beginning	2,396,154	2,436,840
Total OPEB Liability - ending	<u>\$ 2,436,840</u>	<u>\$ 2,449,093</u>

Covered employee payroll	\$ 1,424,751	\$ 1,442,805
OPEB Liability as a percentage of covered employee payroll	171.04%	169.75%

*Note: Initial Year of GASB 75 Implementation is 2018. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Required Supplementary Information

<i>Changes of Benefit Terms include:</i>	none	none
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Changes of Assumptions-Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Discount rates	3.62%	3.13%
	RPH-2014	PubG.H-2010
	Employee and	employee and
	Healthy Annuity,	Healthy Annuitant,
	Generational with	Generational with
Mortality Rates	MP-2018	MP-2018

Other Supplementary Information

LAFOURCHE PARISH CLERK OF COURT

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2019

Agency Head Name: **Annette M. Fontana, Clerk of Court**

Purpose	Amount
Salary	\$122,671
Salary - Supplemental	\$24,600
Salary - Statutory Allowance	\$14,727
Salary - Election Expense	\$2,400
Benefits - insurance	\$10,465
Benefits - retirement	\$44,144
Benefits - Deferred Compensation	\$9,355
Benefits - Medicare tax	\$2,935
Car Allowance	\$15,000
Vehicle provided by government	\$0
Per Diem	\$0
Reimbursements - auto maintenance	\$0
Travel	\$0
Registration fees (non-CLE)	\$700
Conference travel	\$2,236
Continuing professional education fees	\$349
Housing	\$0
Unvouchered expenses	\$0
Special meals	\$0
Fuel	\$0
Dues	\$2,131
Cell Phone	\$0
Other	\$0

This form is used to satisfy the reporting requirement of R.S. 24:513(A)(3) on
Supplemental Reporting

*Reports Required by
Government Auditing Standards*



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

Honorable Annette M. Fontana
Lafourche Parish Clerk of Court
Thibodaux, 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 each major fund as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Stagni & Company

Thibodaux, Louisiana
December 9, 2019



LAFOURCHE PARISH CLERK OF COURT

**Statewide Agreed Upon Procedures Report
With Schedule of Findings and Management's Responses**

***As of and for the Year Ending
June 30, 2019***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT

Lafourche Parish Clerk of Court

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2018 – June 30, 2019

Lafourche Parish Clerk of Court and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Lafourche Parish Clerk of Court (the Clerk) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Clerk's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the

completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: *The policies of the Clerk address all of the functions listed; no exceptions noted.*

Board or Finance Committee

- 2. Obtain and review the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one



meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: *These procedures are not applicable.*

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.



6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: *There were no exceptions noted as a result of the test procedures performed in this area.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:



- a) Observe that the disbursement matched the related original invoice/billing statement.
- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*



Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*



Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2018), therefore was excluded from testing in Year 3 (June 30, 2019).*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: *Five employees were randomly selected. All employees obtained the required ethics training during the fiscal period and the required signature verification.*



Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: *This section is not applicable.*

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The Clerk did not have exceptions in this category in Year 2 (June 30, 2019), therefore was excluded from testing in Year 3 (June 30, 2019).*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Stagni & Company

Thibodaux, LA
December 9, 2019



STAGNI & COMPANY, LLC
