

Financial Report

St. Bernard Parish Clerk of Court

June 30, 2018

Financial Report

St. Bernard Parish Clerk of Court

June 30, 2018

TABLE OF CONTENTS

St. Bernard Parish Clerk of Court Chalmette, Louisiana

June 30, 2018

Page
Number

Financial Section

| | |
|---|--------|
| Independent Auditor's Report | 1 - 3 |
| Management's Discussion and Analysis | 4 - 11 |

Exhibits

Basic Financial Statements:

Government-Wide Financial Statements:

| | |
|---|----|
| A - Statement of Net Position (Deficit) | 12 |
| B - Statement of Activities | 13 |

Fund Financial Statements:

| | |
|--|---------|
| C - Balance Sheet - Governmental Fund | 14 |
| D - Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position (Deficit) | 15 |
| E - Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund | 16 |
| F - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities | 17 |
| G - Statement of Fiduciary Funds | 18 |
| H - Notes to Financial Statements | 19 - 45 |

Schedules

Required Supplementary Information

| | |
|--|----|
| 1 - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 46 |
| 2 - Note to Required Supplementary Information - Budgetary Reporting | 47 |
| 3 - Schedule of the Clerk of Court's Proportionate Share of the Net Pension Liability | 48 |

TABLE OF CONTENTS (Continued)

St. Bernard Parish Clerk of Court Chalmette, Louisiana

June 30, 2018

| | <u>Page Number</u> |
|--|------------------------|
| Schedules (Continued) | |
| Required Supplementary Information (Continued) | |
| 4 - Schedule of Clerk of Court's Contributions | 49 |
| 5 - Notes to Required Pension Supplementary Information | 50 |
| 6 - Schedule of Changes in the Clerk of Court's Total OPEB Liability and Related Ratios | 51 |
| Supplementary Information | |
| 7 - Statement of Changes in Fiduciary Funds | 52 |
| 8 - Schedule of Compensation, Benefits, and Other Payments To Agency Head or Chief Executive Officer | 53 |
| Special Reports of Certified Public Accountants | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 54 - 55 |
| Schedule of Findings and Responses | 56 - 57 |
| Reports by Management | |
| Schedule of Prior Year Findings and Responses | 58 |
| Management's Corrective Action Plan | 59 |
| Statewide Agreed-Upon Procedures (R.S. 24:513) | |
| Independent Accountant's Report on Applying Agreed-Upon Procedures | 60 - 69 |

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Randy Nunez,
St. Bernard Parish Clerk of Court,
Chalmette, Louisiana.

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major funds of the St. Bernard Parish Clerk of Court (the "Clerk of Court"), as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of St. Bernard Parish Clerk of Court as of June 30, 2018, and the respective changes in financial position and changes in assets and liabilities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, and the required supplementary information on pages 46 through 51, 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 operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information, on page 53, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3), and is not a required part of the basic financial statements. The information on page 52 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2017, on our consideration of the St. Bernard Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clerk of Court's internal control over financial reporting and compliance.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 17, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

June 30, 2018

The Management's Discussion and Analysis (MD&A) of the St. Bernard Parish Clerk of Court (the "Clerk of Court"), financial performance presents a narrative overview and analysis of the Clerk of Court's financial activities for the year ended June 30, 2018. It identifies changes in the Clerk of Court's overall financial position and results of operations and assists the user in determining whether the financial position has improved or deteriorated as a result of the year's operations. It also identifies any significant variations from the original budget amounts and includes any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and identifies individual issues or concerns. The MD&A focuses on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of the MD&A should read and evaluate all sections of this report, including the notes to financial statements and required supplemental information section (RSI) that are provided in addition to this MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Clerk of Court's basic financial statements. The Clerk of Court's financial report consists of four parts: (1) MD&A (this section), (2) basic financial statements, (3) required supplementary information, and (4) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Clerk of Court:

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk of Court's finances, in a manner similar to a private sector business. Under this format, all governmental activities are consolidated into columns which add to a total for the governmental entity. For the Clerk of Court, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

- a. The Statement of Net Position (Deficit) presents information on all of the Clerk of Court's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as the net position. Over time, increases or decreases in the net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or weakening.
- b. The Statement of Activities presents information showing how the Clerk of Court's net position changed during the years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries and benefits, office expenses, insurance, auto and travel, other expenses, and depreciation) reduced by the Program Revenues (charges for services, licenses, and grants) directly related to the program to determine net program expenses.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources which have been segregated for specific activities or objectives. The Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds and fiduciary 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. 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The Clerk of Court maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Clerk of Court adopts an annual appropriated budget for its General Fund. A budgetary comparison statement, page 46, and the note to budgetary reporting have been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The only type of fiduciary fund maintained by the Clerk of Court is "agency" funds. Agency funds are custodial in nature and represent assets held by the Clerk of Court as an agent for litigants pending court action. Under applicable Government Auditing Standards Board (GASB) standards, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 19 of this report.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year operations summarized as follows:

- The governmental activities reported total ending deficit fund balance of \$2,263,255. This compares to the prior year ending deficit fund balance of \$2,474,878 showing an increase of \$211,623 during the current year.
- During the year, the Clerk of Court generated fees and other revenues of \$1,939,123 that were \$211,623 more than the \$1,727,500 of expenses.
- Program revenues increased by \$123,114 or approximately 6.8% from the prior year.
- Salaries and benefits decreased by \$31,397 or approximately 2.3% from the prior year.
- Total expenses decreased by \$51,216 or approximately 2.9% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Statement of Net Position and Statement of Activities**

Presented below are a condensed Statements of Net Position and Statements of Activities for the Clerk of Court. The condensed format allows the reader to view the overall financial position of the Clerk of Court. Explanations of the components of the statements are included immediately following the statements.

Condensed Statements of Net Position (Deficit)

| | <u>Total Governmental Activities</u> | | | |
|--|--------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
| | <u>2018</u> | <u>2017</u> <u>(Restated)</u> | <u>Increase</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
| Cash and other current assets | \$ 471,374 | \$ 440,122 | \$ 31,252 | 7.10% |
| Capital assets, net | <u>114,668</u> | <u>126,324</u> | <u>(11,656)</u> | -9.23% |
| Total assets | <u>586,042</u> | <u>566,446</u> | <u>19,596</u> | 3.46% |
| Deferred outflows of resources | <u>390,872</u> | <u>663,417</u> | <u>(272,545)</u> | -41.08% |
| Other liabilities | <u>3,140,730</u> | <u>3,539,380</u> | <u>(398,650)</u> | -11.26% |
| Deferred inflows of resources | <u>99,439</u> | <u>165,361</u> | <u>(65,922)</u> | -39.87% |
| Net position (deficit): | | | | |
| Investment in capital assets, net of related debt | 114,668 | 126,324 | (11,656) | -9.23% |
| Unrestricted | <u>(2,377,923)</u> | <u>(2,601,202)</u> | <u>223,279</u> | -8.58% |
| Total net position (deficit) | <u>\$ (2,263,255)</u> | <u>\$ (2,474,878)</u> | <u>\$ 211,623</u> | -8.55% |

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Statement of Net Position and Statement of Activities (Continued)****Condensed Statements of Activities**

| | <u>Total Governmental Activities</u> | | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|--|--------------------------------------|---------------------|--------------------------------|------------------------------|
| | <u>2018</u> | <u>2017</u> | | |
| Program revenues: | | | | |
| Charges for services and licenses | <u>\$ 1,939,123</u> | <u>\$ 1,816,009</u> | <u>\$ 123,114</u> | 6.78% |
| Program expenses: | | | | |
| Salaries | 1,008,870 | 1,016,514 | (7,644) | -0.75% |
| Employee benefits and payroll taxes | 329,760 | 353,513 | (23,753) | -6.72% |
| Office expenditures and insurance | 350,199 | 364,066 | (13,867) | -3.81% |
| Travel and auto allowances | 787 | 814 | (27) | -3.32% |
| Other expenditures | 26,228 | 23,144 | 3,084 | 13.33% |
| Depreciation | <u>11,656</u> | <u>20,665</u> | <u>(9,009)</u> | -43.60% |
| Total program expenses | <u>1,727,500</u> | <u>1,778,716</u> | <u>(51,216)</u> | -2.88% |
| Change in net position (deficit) | <u>\$ 211,623</u> | <u>\$ 37,293</u> | <u>\$ 174,330</u> | 467.46% |

The Clerk of Court's net position increased by \$211,623 as a result of this year's operations. The overall financial position increased slightly from the prior year. The balance in net position represents the accumulated results of all past years' operations. The Clerk of Court's total revenues for the year were \$1,939,123. All revenues were charges for services and licenses. The total cost of all judicial programs and services was \$1,727,500 with no new programs added this year.

Financial Analysis of Governmental Funds

The Clerk of Court maintains only one "governmental fund" - the General Fund. The General Fund Balance Sheet is on Page 14 of this report and the Statement of Revenues, Expenditures, and Changes in Fund Balance are on page 16 of this report.

Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the Clerk of Court. The analysis in this section includes a discussion of the General Fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Financial Analysis of Governmental Funds (Continued)**

As of June 30, 2018, the General Fund reported total fund balance of \$216,189, an increase of \$161,502 from the prior year total fund balance. This increase is due to revenues of \$1,939,123 exceeding expenditures of \$1,777,621. The Clerk of Court is focused on reducing expenditures in order to maintain a positive fund balance. The Clerk of Court will maintain spending levels at or below revenues.

Analysis of the General Fund Budget

The budget for the General Fund was as follows:

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Increase (Decrease)</u> | <u>Percentage Change</u> |
|--|----------------------------|-------------------------|--------------------------------|------------------------------|
| Revenues: | | | | |
| Program revenues | \$ 1,708,600 | \$ 1,939,513 | \$ 230,913 | 13.51% |
| Expenditures: | | | | |
| Salaries | 934,800 | 997,354 | 62,554 | 6.69% |
| Employee benefits and payroll taxes | 350,525 | 399,140 | 48,615 | 13.87% |
| Office expense and insurance | 359,350 | 377,106 | 17,756 | 4.94% |
| Auto and travel | 825 | 800 | (25) | -3.03% |
| Other expenditures | 53,375 | 39,556 | (13,819) | -25.89% |
| Total expenditures | <u>1,698,875</u> | <u>1,813,956</u> | <u>115,081</u> | 6.77% |
| Excess of revenue over expenditures | 9,725 | 125,557 | 115,832 | 1191.07% |
| Beginning fund balance | <u>14,367</u> | <u>54,687</u> | <u>40,320</u> | 280.64% |
| Ending fund balance | <u>\$ 24,092</u> | <u>\$ 180,244</u> | <u>\$ 156,152</u> | 648.15% |

When the budget for the year ended June 30, 2018 was originally prepared, revenues and expenditures were reflected in a conservative manner. The budget was amended on June 6, 2018 to reflect an expected increase in revenue and corresponding increase in expenses. The expected increases materialized and actual revenues and expenditures approximated the amended budget.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Capital Assets**

There were no additions of capital assets as of the year ended June 30, 2018. Depreciation expense for the year ended June 30, 2018 totaled \$11,656. A summary of activity for capital assets is presented in the notes to the financial statements in Note 5.

| | |
|-------------------------------|-------------------|
| Beginning balance | \$ 694,122 |
| Additions | - |
| Less accumulated depreciation | <u>(579,454)</u> |
| Ending balance | <u>\$ 114,668</u> |

Long-Term Debt

The Clerk of Court is not allowed to incur long-term indebtedness for bonds or notes payable. As of June 30, 2018, the Clerk of Court had no long-term debt outstanding.

Economic Factors and Next Year's Budget

The Clerk of Court must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances, and historical trends.

A summary of the current budget for the year ending June 30, 2019 follows:

Condensed Budget

| | |
|---|---------------------|
| Revenue | <u>\$ 1,948,409</u> |
| Expenditures: | |
| Operations | <u>1,847,636</u> |
| Excess of revenues over expenditures | 100,773 |
| Beginning fund balance | <u>139,924</u> |
| Ending fund balance | <u>\$ 240,697</u> |

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Economic Factors and Next Year's Budget (Continued)

The Clerk of Court's three major sources of funding are recording fees, suits and successions and photocopies and subscription fees. For the year ending June 30, 2019, it is anticipated that recording fees, photocopies, and subscription fees will increase due to anticipated increased activity. The Clerk maintains a conservative estimate of revenues.

Suits and successions revenue is solely determined by the legal activity and proceedings. For the year ending June 30, 2019, fees are expected to approximate 2018 actual.

The Clerk of Court has budgeted salaries and benefits with a small increase due to raises. Benefits have been budgeted to increase due to anticipated increases in insurance.

The Clerk of Court has budgeted an increase in office expenses with anticipated increased needs and the Clerk of Court has budgeted an increase in other expenses to account for unexpected expenses.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the St. Bernard Parish Clerk of Court's finances for all those with an interest in the Clerk of Court's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Randy Nunez, Clerk of Court, St. Bernard Parish Clerk of Court, P.O. Box 1746, St. Bernard, LA 70044-1746; phone number (504) 271-3434.

STATEMENT OF NET POSITION (DEFICIT)**St. Bernard Parish Clerk of Court**
Chalmette, Louisiana

June 30, 2018

Assets

| | |
|---|----------------|
| Cash and cash equivalents | \$ 135,650 |
| Receivables, net | 128,473 |
| Grant receivable | 204,957 |
| Prepaid expense | 2,294 |
| Capital assets, net of accumulated depreciation | <u>114,668</u> |

| | |
|--------------|---------|
| Total assets | 586,042 |
|--------------|---------|

Deferred Outflows of Resources

| |
|----------------|
| <u>390,872</u> |
|----------------|

| | |
|---|----------------|
| Total assets and deferred outflows of resources | <u>976,914</u> |
|---|----------------|

Liabilities

| | |
|---|------------------|
| Accounts payable | 29,967 |
| Accrued expenses | 218 |
| Due to local government | 225,000 |
| Net pension liability | 1,621,899 |
| Unfunded other postemployment benefit obligations | <u>1,263,646</u> |

| | |
|-------------------|-----------|
| Total liabilities | 3,140,730 |
|-------------------|-----------|

Deferred Inflows of Resources

| |
|---------------|
| <u>99,439</u> |
|---------------|

| | |
|---|------------------|
| Total liabilities and deferred inflows of resources | <u>3,240,169</u> |
|---|------------------|

Net Position (Deficit)

| | |
|----------------------------|--------------------|
| Invested in capital assets | 114,668 |
| Unrestricted | <u>(2,377,923)</u> |

| | |
|------------------------------|-----------------------|
| Total net position (deficit) | <u>\$ (2,263,255)</u> |
|------------------------------|-----------------------|

See notes to financial statements.

STATEMENT OF ACTIVITIES**St. Bernard Parish Clerk of Court**
Chalmette, Louisiana

For the year ended June 30, 2018

Governmental Activities

Expenses:

General government:

| | |
|-------------------------------------|--------------|
| Salaries and wages | \$ 1,008,870 |
| Employee benefits and payroll taxes | 329,760 |
| Office expenses | 338,309 |
| Other expenses | 26,228 |
| Depreciation | 11,656 |
| Insurance | 11,890 |
| Auto and travel | 787 |
| | <hr/> |

| | |
|----------------|------------------|
| Total expenses | <u>1,727,500</u> |
|----------------|------------------|

Program revenues:

Fees, charges, and commissions for services:

| | |
|-----------------------------------|---------|
| Suits and successions | 870,653 |
| Recordings | 763,793 |
| Photocopies and subscription fees | 185,215 |
| Fines and forfeitures | 68,132 |
| Other fees | 27,165 |
| Mortgage certificates | 8,505 |
| Uniform commercial code fees | 3,612 |
| Licenses | 12,048 |
| | <hr/> |

| | |
|------------------------|------------------|
| Total program revenues | <u>1,939,123</u> |
|------------------------|------------------|

| | |
|------------------------|---------|
| Change in net position | 211,623 |
|------------------------|---------|

Net Position (Deficit)

| | |
|--------------------------------|-----------------------|
| Beginning of year, as restated | <u>(2,474,878)</u> |
| End of year | <u>\$ (2,263,255)</u> |

See notes to financial statements.

BALANCE SHEET - GOVERNMENTAL FUND**St. Bernard Parish Clerk of Court**

Chalmette, Louisiana

June 30, 2018

ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 135,650 |
| Receivables, net | 128,473 |
| Grant receivable | 204,957 |
| Prepaid expense | <u>2,294</u> |
| Total assets | <u>\$ 471,374</u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|-------------------|
| Liabilities: | |
| Accounts payable | \$ 29,967 |
| Accrued expenses | 218 |
| Due to local government | <u>225,000</u> |
| Total liabilities | <u>255,185</u> |
| Fund balance: | |
| Nonspendable: | |
| Prepaid expenses | 2,294 |
| Unassigned | <u>213,895</u> |
| Total fund balance | <u>216,189</u> |
| Total liabilities and fund balance | <u>\$ 471,374</u> |

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION (DEFICIT)**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

June 30, 2018

| | |
|---|-----------------------|
| Fund balance - governmental fund | <u>\$ 216,189</u> |
| 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 are not reported in the governmental funds | |
| Governmental capital assets | 694,122 |
| Less: accumulated depreciation | <u>(579,454)</u> |
| | <u>114,668</u> |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds | |
| | <u>390,872</u> |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds: | |
| Net pension liability | (1,621,899) |
| Unfunded other postemployment benefit obligations | <u>(1,263,646)</u> |
| | <u>(2,885,545)</u> |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds | |
| | <u>(99,439)</u> |
| Net position (deficit) of governmental activities | <u>\$ (2,263,255)</u> |

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

Revenues

| | |
|--|------------------|
| Fees, charges, and commissions for services: | |
| Suits and successions | \$ 870,653 |
| Recordings | 763,793 |
| Photocopies and subscription fees | 185,215 |
| Fines and forfeitures | 68,132 |
| Other fees | 27,165 |
| Mortgage certificates | 8,505 |
| Uniform commercial code fees | 3,612 |
| Licenses | <u>12,048</u> |
| Total revenues | <u>1,939,123</u> |

Expenditures

| | |
|-------------------------------------|------------------|
| General government: | |
| Salaries and wages | 1,008,870 |
| Employee benefits and payroll taxes | 391,537 |
| Office expenditures | 338,309 |
| Other expenditures | 26,228 |
| Insurance | 11,890 |
| Auto and travel | <u>787</u> |
| Total general government | <u>1,777,621</u> |

| | |
|---|---------|
| Excess of Revenues Over Expenditures | 161,502 |
|---|---------|

Fund Balance

| | |
|-------------------|-------------------|
| Beginning of year | <u>54,687</u> |
| End of year | <u>\$ 216,189</u> |

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

| | |
|---|-------------------|
| Excess of revenues over expenditures - governmental fund | \$ 161,502 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p> | |
| Depreciation | <u>(11,656)</u> |
| <p>Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68:</p> | |
| Pension expense per GASB 68 | <u>65,541</u> |
| <p>Long-term liabilities:</p> <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:</p> | |
| Other postemployment benefit obligations expense per GASB 75 | <u>(3,764)</u> |
| Change in net position of governmental activities | <u>\$ 211,623</u> |

See notes to financial statements.

STATEMENT OF FIDUCIARY FUNDS

St. Bernard Parish Clerk of Court
 Chalmette, Louisiana

June 30, 2018

| | <u>Agency Funds</u> | | |
|---------------------------------|---------------------------------|-----------------------------------|-------------------------------|
| | <u>Advance Deposit Fund</u> | <u>Registry of Court Fund</u> | <u>Total Agency Funds</u> |
| Assets | | | |
| Cash | <u>\$ 2,680,490</u> | <u>\$ 1,360,524</u> | <u>\$ 4,041,014</u> |
| Liabilities | | | |
| Due to taxing bodies and others | <u>\$ 2,680,490</u> | <u>\$ 1,360,524</u> | <u>\$ 4,041,014</u> |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Bernard Parish Clerk of Court**

Chalmette, Louisiana

June 30, 2018

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the St. Bernard Parish Clerk of Court (the "Clerk of Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a. Reporting Entity

The Clerk of Court has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The GASB established criteria for determining which component units should be considered part of the St. Bernard Parish Council (the "Parish Council") for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and/or,
 - b. The potential for the Clerk of Court to provide specific financial benefits to or impose specific financial burdens on the Parish Council.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the Clerk of Court is not included because of the nature or significance of the relationship.

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

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

b. Basis of Presentation

The accompanying component unit financial statements of the Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Position (Deficit) and the Statement of Activities for all activities of the Clerk of Court. The government-wide presentation focuses primarily on the sustainability of the Clerk of Court as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through fees, intergovernmental revenues, and other non-exchange revenues.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the Clerk of Court continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the Clerk of Court:

General Fund

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

Fiduciary Funds

The Advance Deposit and Registry of Court Funds account for and report assets held as an agent for others. These agency funds are reported as major funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Advance Deposit Fund accounts for and reports advanced deposits in suits filed by litigants. The Registry of Court Fund accounts for and reports funds held by order of the court until judgment is rendered by the judiciary.

c. Measurement Focus and Basis of Accounting

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements:

The Statement of Net Position (Deficit) and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Clerk of Court.

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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Revenues

Revenue from grants is recognized in the fiscal year in which all eligibility requirements are satisfied. Revenues from recordings, copies, (including suits and successions), and other services are recognized when they become measurable and available (i.e., when the service is performed). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Clerk of Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Clerk of Court because they are generally not measurable until actually received.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Revenues (Continued)

Interest income on cash balances is recorded when the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Cash and Cash Equivalents

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

f. Receivables

The Clerk of Court uses the allowance method to account for uncollectible receivables. The allowance for uncollectible accounts is based on prior years' experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The Clerk of Court considers all receivables as of June 30, 2018 to be fully collectible that are net of the allowance. The allowance for uncollectible accounts balance of \$9,000 represents receivable balances that are estimated to be uncollectible.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Prepaid Expenses

Payments made to vendors that will benefit periods beyond June 30, 2018 are recorded as prepaid expenditures. These amounts are equally offset by a fund balance classification of nonspendable which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Prepaid expenses as of June 30, 2018 were \$2,294.

h. Capital Assets and Depreciation

The accounting treatment over plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements:

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | <u>Estimated Lives</u> |
|------------------------|----------------------------|
| Automobiles | 5 years |
| Office equipment | 5 years |
| Furniture and fixtures | 5-15 years |

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets and Depreciation (Continued)

Fund Financial Statements:

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

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

j. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund (the "Fund") and additions to/deductions from the Fund fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

k. Compensated Absences

Employees of the Clerk of Court's office earn two weeks of vacation leave and up to four weeks sick leave each year. The leave time accrues on a calendar year basis and must be used in the calendar year. Any unused personal time is not paid to the employee upon termination. In accordance with GASB, no liability for accrued unused employee leave is included in these financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Clerk of Court's Fees

Suits and succession revenues represents revenue earned from daily operations such as copying and faxing for litigants and standard fees charged on suits. These fees are collected in the Advance Deposit Agency Fund (clearing account) and are recognized as revenue in the General Fund.

m. Fund Equity

Government-Wide Statements:

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

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - This component of net position reports net position that does not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Clerk of Court's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2018 and for the year then ended, the Clerk of Court did not have or receive restricted resources classified as restricted net position.

Fund Financial Statements:

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Equity (Continued)

Fund Financial Statements: (Continued)

Restricted - Amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of June 30, 2018.

Committed - Amounts that can be used only for specific purposes determined by a formal decision of the Clerk of Court. There was no committed equity as of June 30, 2018.

Assigned - The assigned amounts are designated as committed by the Clerk of Court but are not spendable until a budget is adopted. There was no assigned equity as of June 30, 2018.

Unassigned - All amounts not included in other spendable classifications. The Clerk of Court has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the court or the assignment has been changed by the court. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

L.R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay St. Bernard Parish the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk of Court's last year of his term of office, limited to the amount of funding received from St. Bernard Parish. The amount owed to St. Bernard Parish under L.R.S. 13:785 is limited to the funds provided by St. Bernard Parish under provisions of L.R.S. 13:784 to help compensate St. Bernard Parish for the costs of capital assets and other administration costs during the Clerk of Court's four year term. The Clerk of Court's current term expires on June 30, 2020.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. New Pronouncements

During the year ended June 30, 2018, the Clerk of Court implemented the following GASB statements:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions."* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Implementation of this Statement required the restatement of net position as of June 30, 2017 for the cumulative unfunded actuarial liability as described in Note 2.

Statement No. 81, *"Irrevocable Split Interest Agreements"* provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. This Statement did not affect the Clerk of Court's financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. New Pronouncements (Continued)

Statement No. 85, "*Omnibus 2017*." On March 20, 2017, GASB issued "Omnibus 2017" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "Omnibus 2017" is effective for fiscal years beginning after June 15, 2017. This Statement did not affect the Clerk of Court's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. New Pronouncements (Continued)

Statement No. 87, *"Leases"* increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements"* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. New Pronouncements (Continued)

that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Subsequent Events

The Clerk of Court evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 17, 2018, which is the date the financial statements were available to be issued.

Note 2 - RESTATEMENT

Effective for the year ended June 30, 2018, the Clerk of Court implemented GASB Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions."* Implementation of the new accounting standard required restatement of beginning net position for the net Other Postemployment Benefits (OPEB) liability.

The restatement had the following impact on previously reported balances.

| Statement of Activities | Governmental Activities |
|---|----------------------------|
| Net deficit, June 30, 2017, as previously reported | \$ (2,067,467) |
| Restatement for implementation of GASB Statement No. 75, see Note 8 | <u>(407,411)</u> |
| Net deficit, June 30, 2017, restated | <u>\$ (2,474,878)</u> |

Note 3 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Note 3 - DEPOSITS (Continued)

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

A summary of cash and cash equivalents as of June 30, 2018 is presented below. As of June 30, 2018, the carrying amount of the Clerk of Court's cash and cash equivalents totaled \$4,176,664, and the bank balances totaled \$4,177,504. 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.

| | Governmental Funds | Agency Funds | Totals |
|---|-----------------------|-----------------|--------------|
| Reported amounts | \$ 135,650 | \$ 4,041,014 | \$ 4,176,664 |
| Custodial credit risk: | | | |
| Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name | \$ 8,658 | \$ 3,588,873 | \$ 3,597,531 |
| Total bank balances | \$ 122,697 | \$ 4,054,807 | \$ 4,177,504 |

Custodial credit risk is the risk that in the event of a bank failure, the Clerk of Court's deposits may not be returned to it. The Clerk of Court has a written policy for custodial credit risk. As of June 30, 2018, \$3,597,531 of the Clerk of Court's bank balances of \$4,177,504 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

As of June 30, 2018, bank balances were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Clerk of Court. The GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, L.R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 4 - RECEIVABLES

The receivables as of June 30, 2018 are as follows:

| | | |
|--|----|-------------------|
| Accounts | \$ | 16,302 |
| Intergovernmental | | <u>121,171</u> |
| | | 137,473 |
| Less: allowance for uncollectible accounts | | <u>(9,000)</u> |
| | | <u>\$ 128,473</u> |

Receivable balances past due in excess of 90 days as of June 30, 2018 totaled \$107,569.

Note 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets follows:

| | <u>Balance June 30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
|---|----------------------------------|--------------------|------------------|----------------------------------|
| Capital assets being depreciated equipment and furniture | \$ 694,122 | \$ - | \$ - | \$ 694,122 |
| Less accumulated depreciation for equipment and furniture | <u>(567,798)</u> | <u>(11,656)</u> | <u>-</u> | <u>(579,454)</u> |
| Total capital assets, net | <u>\$ 126,324</u> | <u>\$ (11,656)</u> | <u>\$ -</u> | <u>\$ 114,668</u> |

Depreciation expense of \$11,656 was charged to operations for the year ended June 30, 2018.

Note 6 - DUE TO LOCAL GOVERNMENT

The due to local government balance totaled \$225,000 as of June 30, 2018. This amount represents funds received from St. Bernard Parish to assist the Clerk of Court with expenditures incurred as a result of Hurricane Katrina and Hurricane Isaac. The Clerk of Court has submitted project worksheets to the Federal Emergency Management Agency (FEMA) for the expenditures and FEMA has obligated funds of \$204,957 to the Clerk of Court for these incurred expenditures. The Clerk of Court will use the federal funding to reimburse St. Bernard Parish Council.

Note 7 - RETIREMENT PLANS

Plan Description. The Clerk of Court contributes to the Louisiana Clerks' of Court Retirement and Relief Fund ("Fund"), a cost-sharing, multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11:1501 to provide regular, disability, and survivor benefits for clerks of court, their deputies and other employees, and the beneficiaries of such clerks of court, their deputies, and other employees.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years or more and terminating employment. Retirement benefits are generally equal to 3.33% of the member's final average compensation multiplied by the years of creditable service. 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 six years of membership. For members hired on or after January 1, 2011 the member's retirement age was increased to age 60 with an accrual rate of 3%.

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 the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. The election to participate in DROP is irrevocable once participation begins.

Note 7 - RETIREMENT PLANS (Continued)

A member who has been officially certified as totally and permanently disabled by the State Medical Disability Board before June 30, 2008 shall be paid disability retirement benefits determined and computed as follows: a member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average compensations, or the option of the disability retiree, 2.5% of his monthly average final compensation multiplied by the number of his years of credited service, or a member who has ten or more years of credited service and who is totally and permanently disabled due to any cause shall be paid monthly benefits equal to 3% of his monthly average final compensation multiplied by the number of his years of credited service. For any disability retiree whose application for disability retirement is approved on or after July 1, 2008 is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled and one of the following applies: the member's disability was caused solely as a result of injuries sustained in the performance of their official duties or the member has at least ten years of service credit. The member 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 pursuant to R.S. 11:1521(c). Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The Fund provides permanent benefit increases, cost of living adjustments (COLA) as approved by the Louisiana State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2017, the actuarially determined employer contribution rate was 17.27% of member's compensation. However, the actual rate for the fiscal year ended June 30, 2017 was 19.00%.

According to state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the Fund from the Clerk of Court were \$171,340 for the year ended June 30, 2018.

Pension Liabilities. At June 30, 2018, the Clerk of Court reported a liability of \$1,621,899 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the Net Pension Liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the

Note 7 - RETIREMENT PLANS (Continued)

Clerk of Court's proportion was 1.0720%, which was an increase of .0435% from its proportion measured as of June 30, 2016.

Pension Expense. For the year ended June 30, 2018, the Clerk of Court recognized pension expense of \$105,799.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. As of June 30, 2018, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference between expected and actual experience | \$ 49,118 | \$ (42,559) |
| Change of assumptions | 70,736 | - |
| Net difference between projected and actual earnings on pension plan investments | 22,212 | - |
| Changes in proportion and differences between Clerk of Court contributions and proportionate share of contribution | 68,829 | (56,880) |
| Clerk of Court contributions subsequent to the measurement date | <u>171,340</u> | <u>-</u> |
| | <u>\$ 382,235</u> | <u>\$ (99,439)</u> |

The Clerk of Court reported \$171,340 as deferred outflows of resources related to pensions resulting from Clerk of Court contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2019 | \$ (5,107) |
| 2020 | (95,089) |
| 2021 | (56,025) |
| 2022 | <u>44,765</u> |
| | <u>\$ (111,456)</u> |

Note 7 - RETIREMENT PLANS (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

| | |
|--|--|
| Valuation Date | June 30, 2017 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Investment Rate of Return | 7.00% |
| Inflation Rate | 2.50% |
| Salary Increases | 5.00% |
| Mortality Rates - Active Members | RP 2000 Employee Table set back 4 years for males and 3 years for females. |
| Mortality Rate - Annuitant and Beneficiary | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females. |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.60% as of June 30, 2017. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2017 are summarized in the following table:

Note 7 - RETIREMENT PLANS (Continued)

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--------------------------------|-------------------|--|
| Fixed income | | |
| Core fixed income | 5.00% | 1.75% |
| Core plus fixed income | 15.00% | 2.25% |
| Equity | | |
| Large cap domestic equity | 21.00% | 5.25% |
| Non-large cap domestic equity | 7.00% | 5.00% |
| International equity | | |
| Large cap international equity | 14.00% | 5.25% |
| Small cap international equity | 6.50% | 5.25% |
| Emerging markets | 6.50% | 7.25% |
| Real estate | 10.00% | 4.50% |
| Master limited partnerships | 5.00% | 7.00% |
| Hedge funds | 10.00% | 3.00% |
| | 100.00% | |

Discount Rate. The discount rate used to measure the collective pension liability was 7.00%. 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 contribution from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Public Retirement System's Actuarial Committee taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Clerk of Court's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the Clerk of Court's proportionate share of the Collective Net Pension Liability using the discount rate of 7.00%, as well as what the Clerk of Court's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate:

Note 7 - RETIREMENT PLANS (Continued)

| | <u>1.0% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1.0% Increase (8.00%)</u> |
|---|--------------------------------------|--|--------------------------------------|
| Clerk of Court's proportionate share of the net pension liability | <u>\$2,482,087</u> | <u>\$1,621,899</u> | <u>\$891,629</u> |

Pension Plan Fiduciary Net Position. The Louisiana Clerks' of Court Retirement and Relief Fund issued a stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the audit report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Note 8 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Clerk of Court's defined benefit postemployment health care plan provides OPEB to eligible retired employees and their beneficiaries. The plan provides OPEB for permanent full-time employees of the Clerk of Court. The Clerk of Court's OPEB plan is a single employer defined benefit OPEB plan administered by the Clerk of Court. 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 GASB Statement 75. The premium rates are established and may be amended by the LCCIT board of trustees, with the Clerk of Court determining the contribution requirements of the retirees.

Benefits Provided. The Clerk of Court provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50% of retiree pre-Medicare health, Medicare Supplement, and dental insurance premiums. Retirees are required to pay 100% of the premium for their dependents. Vision is voluntary and paid 100% by the retiree. The plan also provides for payment of 50% of retiree life insurance premiums. For year ended June 30, 2018, total contributions to the Retiree Health Plan amounted to \$109,591 with the retirees contributing \$37,322 and the Clerk of Court contributing \$72,269.

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms. At June 30, 2018, the following employees were covered by the benefit terms:

| | |
|---|------------------|
| Inactive employees currently receiving benefits payments | 18 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>22</u> |
| Total | <u><u>40</u></u> |

Total OPEB Liability

The Clerk of Court's total OPEB liability of \$1,263,646 was measured as of June 30, 2018, and was determined by an actuarial valuation as of January 1, 2018.

Actuarial Assumptions

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Measurement Date | June 30, 2018 |
| Actuarial Valuation Date | January 1, 2018 |
| Actuarial Assumptions: | |
| Inflation Rate | 2.40% |
| Salary Increases | 3.00% |
| Discount Rate | 3.62% |
| Healthcare Cost Trend Rates | |
| Medical | Initially 7.5%, decreasing .25% per year to an ultimate rate of 5.0%. |
| Medicare Supplement | Initially 5.5%, decreasing .25% per year to an ultimate rate of 3.0%. Including 2% per year for aging. |
| Dental | Initially 3.5%, decreasing .25% per year to an ultimate rate of 3.0%. |
| Vision | 3.0% per year. |

Note 8 - OTHER POSTEMPLOYBENEFITS (Continued)

Retirees' Share of Benefit-related Costs

| | |
|----------------------|--|
| Medical | N/A for retirees and N/A for dependents. |
| Medicare Supplement | 50% for retirees and 100% for dependents. |
| Dental | 50% for retirees and 100% for dependents. |
| Vision | 100% for retirees and 100% for dependents. |
| Basic Life Insurance | 50% |

The discount rate was based on the June 30, 2018 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the RPH-2014 Employee Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

Mortality rates for retirees and surviving spouses were based on the RPH-2014 Healthy Annuitant Mortality Table for males or females, as appropriate, with generational adjustments for mortality improvement based on Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 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

| | |
|---|----------------------------|
| Balance as of June 30, 2017, restated | <u>\$ 1,251,245</u> |
| Changes for the year: | |
| Service cost | 29,260 |
| Interest | 45,046 |
| Differences between expected and actual experience | 10,364 |
| Benefit payments | <u>(72,269)</u> |
| Net changes | <u>12,401</u> |
| Balance as of June 30, 2018 | <u><u>\$ 1,263,646</u></u> |

Note 8 - OTHER POSTEMPLOYBENEFITS (Continued)

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

The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.62%) or 1% higher (4.62%) than the current discount rate:

| | <u>1.0% Decrease (2.62%)</u> | <u>Current Discount Rate (3.62%)</u> | <u>1.0% Increase (4.62%)</u> |
|----------------------|--------------------------------------|--|--------------------------------------|
| Total OPEB liability | <u>\$1,449,879</u> | <u>\$1,263,646</u> | <u>\$1,112,028</u> |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

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

| | <u>1.0% Decrease</u> | <u>Current Trend Rate</u> | <u>1.0% Increase</u> |
|----------------------|--------------------------|-----------------------------------|--------------------------|
| Total OPEB liability | <u>\$1,189,923</u> | <u>\$1,263,646</u> | <u>\$1,329,436</u> |

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

For the year ended June 30, 2018 the Clerk of Court recognized an OPEB expense of \$76,033. As of June 30, 2018 the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference between expected and actual experience | <u>\$ 8,637</u> | <u>\$ -</u> |

Note 8 - OTHER POSTEMPLOYBENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|---------------------------------|-----------------|
| 2019 | \$ 1,728 |
| 2020 | 1,728 |
| 2021 | 1,727 |
| 2022 | 1,727 |
| 2023 | <u>1,727</u> |
| Total | <u>\$ 8,637</u> |

Note 9 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures related to the use of facilities of the Clerk of Court's office paid out of the funds of the St. Bernard Parish Government.

Note 10 - RISK MANAGEMENT

The Clerk of Court is exposed to various risks of loss related to general liability and worker's compensation. Under the Clerk of Court's risk management program, the Clerk of Court has elected to be self-insured for worker's compensation and will pay any claims when they become due. The Clerk of Court records a liability for claims when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2018, the Clerk of Court is not aware of any claims filed.

Note 11 - REGISTRY OF COURT FUND

The Clerk of Court maintains a Registry of the Court Fund. Parties to litigation in the court may deposit, or be ordered to deposit cash or property into the fund in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to such other parties as the court may direct upon the conclusion of the litigation.

The Clerk of Court is the custodian of the Registry of Court Fund. The Clerk of Court generally may only accept deposits into or disburse funds from the Registry of the Court Fund by order of a respective court.

With respect to the Registry of Court Fund of the Civil District Court, LSA-R.S. 13:1305 authorized the investment of these funds into interest-bearing accounts.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance With Final Budget</u> |
|---|----------------------------|-------------------------|-------------------|---|
| Revenues: | | | | |
| Fees, charges, and commissions for services: | | | | |
| Suits and successions | \$ 789,225 | \$ 855,706 | \$ 870,653 | \$ 14,947 |
| Recordings | 625,125 | 780,564 | 763,793 | (16,771) |
| Photocopies and subscription fees | 168,925 | 176,154 | 185,215 | 9,061 |
| Fines and forfeitures | 53,375 | 66,295 | 68,132 | 1,837 |
| Other fees | 21,200 | 18,764 | 27,165 | 8,401 |
| Mortgage certificates | 7,425 | 8,300 | 8,505 | 205 |
| Uniform commercial code fees | 4,475 | 3,644 | 3,612 | (32) |
| Court attendance | 29,075 | 18,000 | - | (18,000) |
| Licenses | <u>9,775</u> | <u>12,086</u> | <u>12,048</u> | <u>(38)</u> |
| Total revenues | <u>1,708,600</u> | <u>1,939,513</u> | <u>1,939,123</u> | <u>(390)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Salaries and wages | 934,800 | 997,354 | 1,008,870 | (11,516) |
| Employee benefits and payroll taxes | 350,525 | 399,140 | 391,537 | 7,603 |
| Office expenditures | 347,925 | 365,216 | 338,309 | 26,907 |
| Other expenditures | 53,375 | 39,556 | 26,228 | 13,328 |
| Insurance | 11,425 | 11,890 | 11,890 | - |
| Auto and travel | <u>825</u> | <u>800</u> | <u>787</u> | <u>13</u> |
| Total expenditures | <u>1,698,875</u> | <u>1,813,956</u> | <u>1,777,621</u> | <u>36,335</u> |
| Excess of revenues over expenditures | 9,725 | 125,557 | 161,502 | 35,945 |
| Fund Balance | | | | |
| Beginning of year | <u>14,367</u> | <u>54,687</u> | <u>54,687</u> | <u>-</u> |
| End of year | <u>\$ 24,092</u> | <u>\$ 180,244</u> | <u>\$ 216,189</u> | <u>\$ 35,945</u> |

See note to required supplementary information - budgetary reporting.

**NOTE TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

The Clerk of Court adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

Budgetary Information

As required by the L.R.S. 39:1301-1315, the Clerk of Court adopted a budget for its General Fund for the year ended June 30, 2018 and it was made available for public inspection at the Clerk of Court's office on June 5, 2017. The proposed budget was prepared on the modified accrual basis of accounting, and was published in the official journal on May 12, 2017. The budget hearing was held at the Clerk of Court's office on June 7, 2017. The budget is legally adopted, as necessary, by the Clerk of Court. The budget for the year ended June 30, 2018 was amended on June 6, 2018. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**SCHEDULE OF THE CLERK OF COURT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

June 30, 2018

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Clerk of Court's proportion of the net pension liability | <u>1.07202%</u> | <u>1.02850%</u> | <u>1.00816%</u> | <u>1.05005%</u> |
| Clerk of Court's proportionate share of the net pension liability | <u>\$ 1,621,899</u> | <u>\$ 1,902,700</u> | <u>\$ 1,512,266</u> | <u>\$ 1,494,377</u> |
| Clerk of Court's covered-employee payroll | <u>\$ 918,882</u> | <u>\$ 891,174</u> | <u>\$ 811,104</u> | <u>\$ 937,924</u> |
| Clerk of Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll | <u>176.5079%</u> | <u>213.5049%</u> | <u>186.4454%</u> | <u>159.3282%</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>79.6914%</u> | <u>74.1703%</u> | <u>78.1291%</u> | <u>79.3700%</u> |

SCHEDULE OF CLERK OF COURT'S CONTRIBUTIONS**St. Bernard Parish Clerk of Court**
Chalmette, Louisiana

For the year ended June 30, 2018

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| Contractually required contributions | \$ 171,340 | \$ 174,588 | \$ 169,323 | \$ 173,516 |
| Contributions in relation to the contractually required contribution | <u>(171,340)</u> | <u>(174,588)</u> | <u>(169,323)</u> | <u>(173,516)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Clerk's covered-employee payroll | <u>\$ 901,895</u> | <u>\$ 918,882</u> | <u>\$ 811,104</u> | <u>\$ 937,924</u> |
| Contributions as a percentage of covered-employee payroll | <u>19.00%</u> | <u>19.00%</u> | <u>20.88%</u> | <u>18.50%</u> |

**NOTES TO REQUIRED PENSION
SUPPLEMENTARY INFORMATION**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

- Note 1** - The amounts presented on the Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions have a measurement date of the previous fiscal year end.
- Note 2** - GASB 68 requires the Schedule of Employer's Proportionate Share of Net Pension Liability show information for ten years. The St. Bernard Parish Clerk of Court implemented GASB 68 in its 2015 fiscal year therefore; additional years will be displayed as they become available in the future.

**SCHEDULE OF CHANGES IN THE CLERK OF COURT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

| | 2018 |
|---|--------------|
| Total OPEB liability: | |
| Service costs | \$ 29,260 |
| Interest | 45,046 |
| Differences between expected and actual experience | 10,364 |
| Benefit payments | (72,269) |
| Net change in total OPEB liability | 12,401 |
| Total OPEB liability - beginning | 1,251,245 |
| Total OPEB liability - ending | \$ 1,263,646 |
| Covered payroll | \$ 918,882 |
| Total OPEB liability as a percentage of covered employee payroll | 137.5199% |

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

Agency Head Name: Randy Nunez, Clerk of Court

Purpose

| | |
|--|-------------------|
| Salary | \$ 146,909 |
| Benefits - insurance | 6,171 |
| Benefits - retirement | 28,369 |
| Benefits - other | 2,400 |
| Car allowance | 19,500 |
| Vehicle provided by government | 0 |
| Per diem | 0 |
| Reimbursements | 0 |
| Travel | 0 |
| Registration fees | 0 |
| Conference travel | 0 |
| Continuing professional education fees | 250 |
| Housing | 0 |
| Unvouchered expenses | 0 |
| Special meals | 0 |
| | <hr/> |
| | \$ 203,599 |

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

To the Honorable Randy Nunez,
St. Bernard Parish Clerk of Court,
Chalmette, Louisiana.

We have audited, 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, the financial statements of the governmental activities and the major funds of the St. Bernard Parish Clerk of Court (the "Clerk of Court") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements and have issued our report thereon dated December 17, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 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 Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clerk of Court's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 17, 2018.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2018.

Section III - Federal Award Findings and Questioned Cost

The St. Bernard Parish Clerk of Court did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

St. Bernard Parish Clerk of Court Chalmette, Louisiana

For the year ended June 30, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2017-001 Compliance with State Budget Laws

Recommendation - We recommended that the Clerk of Court comply with the State budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than 5%.

Management's Corrective Action - Resolved. The Clerk of Court instituted policies to amend its budget accordingly to ensure actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than 5% in order to comply with Louisiana Revised Statute 39:1311.

Compliance and Other Matters

Finding 2017-001 was also considered a compliance finding.

Section II - Federal Award Findings and Questioned Cost

The St. Bernard Parish Clerk of Court did not expend federal awards in excess of \$750,000 during the year ended June 30, 2017, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Clerk of Court
Chalmette, Louisiana

For the year ended June 30, 2018

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2018 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2018 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The St. Bernard Parish Clerk of Court did not expend federal awards in excess of \$750,000 during the year ended June 30, 2018, and therefore, is exempt from the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Section III - Management Letter

A management letter was not issued for the year ended June 30, 2018.

STATEWIDE AGREED-UPON PROCEDURES (R.S. 24:513)

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Randy Nunez,
St. Bernard Parish Clerk of Court,
Chalmette, Louisiana.

We have performed the procedures enumerated below, which were agreed to by the management of St. Bernard Parish Clerk of Court (the "Clerk of Court") and the Louisiana Legislative Auditor solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of the Clerk of Court for the year ended June 30, 2018 and to determine whether the C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures are free of obvious errors and omissions. Management of the Clerk of Court is responsible for its C/C areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures. The sufficiency of these procedures is solely the responsibility of the specified parties in the 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 that were performed and our findings are as follows:

Written Policies and Procedures

- 1. Obtain the Clerk of Court's written policies and procedures and observe that they address each of the following categories and subcategories:**

We obtained the written policies and verified that they addressed the areas as follows:

- a) **Budgeting, including preparing, adopting, monitoring, and amending the budget.**

No exceptions were noted.

Written Policies and Procedures (Continued)

- 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 Louisiana Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.**

No exceptions were noted.

- c) Disbursements, including processing, reviewing, and approving.**

No exceptions were noted.

- 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).**

No exceptions were noted.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.**

No exceptions were noted.

- 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.**

No exceptions were noted.

- 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, and (5) monitoring card usage.**

No exceptions were noted.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.**

No exceptions were noted.

Written Policies and Procedures (Continued)

- 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.**

No exceptions were noted.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.**

Not applicable.

Board or Finance Committee

Testing is not applicable as there were no findings in the SAUPs for the year ended June 30, 2017.

Bank Reconciliations

- 2. Obtain a listing of the Clerk of Court's bank accounts from management and management's representation that the listing is complete. Ask management to identify the main operating account. Select all of the Clerk of Court's accounts if less than 5. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account and observe that:**

We obtained the listing of the bank accounts from management and obtained a representation from management that the listing is complete. Since there were less than 5 accounts, we selected all of the Clerk of Court's accounts.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date.**

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.**

No exceptions were noted.

Bank Reconciliations (Continued)

- 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.**

This step was not applicable, as there were no reconciling items that have been outstanding more than 12 months.

Collections

- 3. **Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).**

We obtained the listing of collection locations and a representation from management that the listing is complete. We selected the only deposit site.

- 4. **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.**

No exceptions were noted.

- 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.**

No exceptions were noted.

Collections (Continued)

- 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.**

No exceptions were noted.

- 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.**

No exceptions were noted.

- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.**

No exceptions were noted.

- 6. Randomly select two deposit dates for each of the bank accounts selected for procedure #2 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 4 deposits and:**

- a) Observe that receipts are sequentially pre-numbered.**

No exceptions were noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.**

No exceptions were noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.**

No exceptions were noted.

Collections (Continued)

- 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).**

Deposits are made at least twice weekly by the outside accountant. The deposits are kept in a safe until they are taken to the bank. Deposits were made from 1 to 3 days after receipt in our sample.

Management's response: The Clerk of Court does not have sufficiently large daily deposits to justify the additional cost of the outside accountant making daily deposits. The collections are adequately safeguarded until a deposit can be made.

- e) Trace the actual deposit per the bank statement to the general ledger.**

No exceptions were noted.

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

- 7. 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).**

We obtained a listing of locations that process payments and management's representation that the listing is complete and selected the only location.

- 8. For each location selected under #7 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.**

No exceptions were noted.

- b) At least two employees are involved in processing and approving payments to vendors.**

No exceptions were noted.

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

- 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.**

No exceptions were noted.

- 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.**

No exceptions were noted.

9. **For each location selected under #7 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.**

No exceptions were noted.

- b) **Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.**

No exceptions were noted.

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

10. **Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.**

We obtained the listing of credit cards and a representation from management that the listing is complete.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

11. 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.

No exceptions were noted.

b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted.

12. Using the monthly statements or combined statements selected under #11 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:

An original itemized receipt that identifies precisely what was purchased.

No exceptions were noted.

Written documentation of the business/public purpose.

No exceptions were noted.

Documentation of the individuals participating in meals (for meal charges only).

No exceptions were noted.

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

Testing is not applicable as there were no findings in the SAUPs for the year ended June 30, 2017.

Contracts

Testing is not applicable as there were no findings in the SAUPs for the year ended June 30, 2017.

Payroll and Personnel

Testing is not applicable as there were no findings in the SAUPs for the year ended June 30, 2017.

Ethics

13. 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 and 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.

No exceptions were noted.

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.

No exceptions were noted.

Debt Service

Testing is not applicable as there were no findings in the SAUPs for the year ended June 30, 2017, and the Clerk of Court did not issue debt.

Other

14. 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.

Management represented that there were no misappropriations of public funds.

Other (Continued)

- 15. 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.**

No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Association of Independent Certified Professional Accountants and applicable standards of Government Auditing Standards. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. 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.

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

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
December 17, 2018.