

CLERK OF CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

SALARY FUND

ANNUAL FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) of the Clerk of Civil District Court for the Parish of Orleans (the Clerk's) financial performance is designed to provide an overview of the financial activities as of and for the fiscal year ended June 30, 2018. This information should be read in conjunction with the basic financial statements and the accompanying notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

Fund Financial Statements (continued)

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

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

FINANCIAL HIGHLIGHTS

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

As of June 30, 2018, the Clerk of Civil District Court for the Parish of Orleans had Unrestricted Net Position of \$11,531,474 representing the portion available to maintain the continuing obligations to citizens. Unrestricted Net Position represents the net balance of all types of assets accumulated by the Clerk in excess of the amount invested in "capital assets" and any "restricted assets". Restricted assets are those that are constrained by creditors, grantors, contributors, or by laws and regulations. Although the Unrestricted Net Position of the Clerk is not constrained by any third parties, the Clerk has various assignments of fund balance that limit the use of its resources. At June 30, 2018, the Clerk had unassigned fund balances of \$1,935,461.

Total government-wide assets as of June 30, 2018 were \$27,197,898, deferred outflows of resources were \$2,937,649, total liabilities were \$17,861,443 and deferred inflows of resources were \$578,204. In accordance with statutory requirements, the Clerk has no bonded indebtedness or long-term notes.

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

ORLEANS PARISH CLERK OF COURT AS A WHOLE

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

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

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

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

CONDENSED STATEMENT OF NET POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Current and other assets	\$ 27,033,472	\$ 25,889,044	\$ 1,144,428	4.42%
Capital assets, net of accumulated depreciation	<u>164,426</u>	<u>204,811</u>	<u>(40,385)</u>	<u>(19.72)%</u>
Total assets	27,197,898	26,093,855	1,104,043	4.23%
Deferred outflows of resources	2,937,649	3,884,653	(947,004)	(24.38)%
Current liabilities	2,463,647	2,956,650	(493,003)	16.67%
Non-current liabilities, 2017 restated	<u>15,397,796</u>	<u>15,730,021</u>	<u>(332,225)</u>	<u>21.12%</u>
Total liabilities	17,861,443	18,686,671	(825,228)	4.42%
Deferred inflows of resources	578,204	939,040	(360,836)	(38.43)%
Net invested in capital assets	164,426	204,811	(40,385)	(19.72)%
Unrestricted, 2017 restated	<u>11,531,474</u>	<u>10,147,986</u>	<u>1,383,488</u>	<u>13.63%</u>
Total net position	<u>\$ 11,695,900</u>	<u>\$ 10,352,797</u>	<u>\$ 1,343,103</u>	<u>12.97%</u>

The Clerk's net position increased by \$1,343,103 as a result of this year's operations. The increase in Current and Other Assets is due to an increase in cash and equivalents. The decreases in deferred outflows of resources and deferred inflows of resources are due to recognition of pension and OPEB related items in accordance with GASB Statement No. 68 and GASB Statement No. 75, respectively. The decrease in Current Liabilities is due to a decrease in accounts payable and due to others at the end of the year. The decrease in Non-Current Liabilities is due to the decrease in the net pension liability.

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

CONDENSED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total program expenses	\$ (13,065,010)	\$ (12,431,999)	\$ (633,011)	(5.09)%
Total program revenues	<u>14,172,476</u>	<u>12,844,209</u>	<u>1,328,267</u>	<u>10.34%</u>
Net program income	1,107,466	412,210	695,256	168.67%
General revenues	<u>235,637</u>	<u>274,649</u>	<u>(39,012)</u>	<u>(14.20)%</u>
Change in net position	1,343,103	686,859	656,244	(95.54)%
Net position, beginning of year	<u>10,352,797</u>	<u>9,665,938</u>	<u>686,859</u>	<u>7.11%</u>
Net position, end of year	<u>\$ 11,695,900</u>	<u>\$ 10,352,797</u>	<u>\$ 1,343,103</u>	<u>12.97%</u>

The Clerk's total revenues for the year in governmental activities were \$14,172,476 in program revenues and \$235,637 in general revenues. The total cost of all programs and services was \$13,065,010.

FINANCIAL ANALYSIS OF THE CLERK OF COURT'S SALARY FUND

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

The Salary Fund reported a fund balance increase of \$1,737,245.

CONDENSED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Total revenues	\$ 13,890,415	\$ 12,672,704	\$ 1,217,711	9.61%
Expenditures:				
Current	12,059,537	11,492,936	566,601	4.93%
Capital outlay	<u>93,633</u>	<u>51,271</u>	<u>42,362</u>	<u>82.62%</u>
Total expenditures	<u>12,153,170</u>	<u>11,544,207</u>	<u>608,963</u>	<u>5.28%</u>
Net change in fund balance	1,737,245	1,128,497	608,748	53.94%
Fund balance, beginning of year	<u>21,951,925</u>	<u>20,823,428</u>	<u>1,128,497</u>	<u>5.42%</u>
Fund balance, end of year	<u>\$ 23,689,170</u>	<u>\$ 21,951,925</u>	<u>\$ 1,737,245</u>	<u>7.91%</u>

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

SALARY FUND BUDGETARY HIGHLIGHTS

The Clerk of Civil District Court for the Parish of Orleans' budget for July 1, 2017 through June 30, 2018 was proposed and made available for public inspection by the Clerk of Civil District Court for the Parish of Orleans. There were no budget amendments during the current fiscal year.

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

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$ 12,345,129	\$ 12,818,905	\$ 473,776
Fees for copies of documents	910,694	588,276	(322,418)
FEMA stabilization project	33,950	247,597	213,647
Use of money and property – interest earnings	<u>258,964</u>	<u>235,637</u>	<u>(23,327)</u>
 Total revenues	 <u>\$ 13,548,737</u>	 <u>13,890,415</u>	 <u>341,678</u>
Expenditures			
General government:			
Personnel services and related benefits	\$ 7,783,596	\$ 8,545,647	\$ (762,051)
Operating services	4,126,139	3,513,890	612,249
Capital outlay	<u>603,271</u>	<u>93,633</u>	<u>509,638</u>
 Total expenditures	 <u>12,513,006</u>	 <u>12,153,170</u>	 <u>359,836</u>
 Excess revenues (expenditures)	 1,035,731	 1,737,245	 701,514
 Fund balance, beginning of year	 <u>21,951,925</u>	 <u>21,951,925</u>	 <u>-</u>
 Fund balance, end of year	 <u>\$ 22,987,656</u>	 <u>\$ 23,689,170</u>	 <u>\$ 701,514</u>

The positive variance of \$341,678 in total revenues is due to the amount of actual filing and recording fees for legal documents being higher than the amount that was budgeted. The positive variance of \$359,836 in total expenditures is due to conservative estimates on administration costs and fewer purchases of capitalizable equipment than expected.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

CAPITAL ASSETS

The Clerk's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2018 was \$164,426.

	2018
Computers and software	\$ 980,971
Equipment	512,363
Furniture and fixtures	264,545
Total costs	1,757,879
Accumulated depreciation	(1,593,453)
Net capital assets	\$ 164,426
Depreciation expense	\$ 134,018

During 2018, the Clerk had asset additions of \$93,633 which consisted mainly of various computer equipment and software.

LONG-TERM OBLIGATIONS

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

The Clerk entered into two non-cancellable three-year lease agreements for office storage space on May 27, 2015. The leases commenced on July 1, 2015 and end on June 30, 2018. The terms of the leases were extended through June 30, 2023. The Clerk entered into a non-cancellable four-year lease agreement for office space on December 3, 2015. The lease commenced on March 1, 2016 and ends on February 28, 2020. Future minimum lease payments total \$3,717,390.

The Clerk has one lease agreement for a vehicle. The lease term is 48 months beginning October 24, 2014. Lease payments made for vehicle during the year totaled \$12,498 which is included in office operations. The monthly minimum lease rental for the lease is \$911 through October 2017, then increased to \$1,357 for the remainder of the lease. The lease was canceled on June 1, 2018.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

LONG-TERM OBLIGATIONS (CONTINUED)

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

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

Balance at June 30, 2017, as restated	\$ 5,510,667
Changes for the year:	
Service cost	418,867
Interest	212,239
Differences between expected and actual experience	19,089
Benefit payments and net transfers	<u>(133,155)</u>
Net changes	<u>517,040</u>
Balance at June 30, 2018	<u>\$ 6,027,707</u>

As of July 1, 2014, the Clerk has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." GASB Statement No. 68 improves accounting and financial reporting for pensions. The adoption of this standard requires the retroactive recognition of a liability for the Clerks proportionate share of the net pension liability. The Clerk is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective outflows of resources and deferred inflows of resources related to pensions. At June 30, 2018, the Clerk reported \$9,370,089 for its proportionate share of net pension liability, \$2,920,681 for deferred outflow of resources and \$578,204 for deferred inflows of resources. See Note 6 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018

ECONOMIC FACTORS AFFECTING OPERATIONS

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

CONTACTING FINANCIAL MANAGEMENT

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



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund - Salary Fund of the Clerk of Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

As discussed in Notes 1 and 2, the financial statements present only the activities of the Salary Fund of the Clerk of Civil District Court for the Parish of Orleans and do not purport to and do not present fairly the financial position and the changes in its financial position, as of June 30, 2018 in conformity with accounting principles generally accepted in the United States of America.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund-Salary Fund as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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



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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head listed as Other Supplemental Schedule in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 26, 2018, on our consideration of the internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control over financial reporting and compliance.

Stagni & Company

Thibodaux, LA
December 26, 2018



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Salary Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 24,460,451
Receivables	1,202,114
Due from Judicial Expense Fund	1,096,269
Prepaid insurance	274,638
Capital assets, net of accumulated depreciation	<u>164,426</u>
Total assets	<u>27,197,898</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>	
Pensions (note 6)	2,920,681
OPEB (note 7)	<u>16,968</u>
Total deferred outflows of resources	<u>2,937,649</u>
<u>LIABILITIES:</u>	
Accounts payable	244,158
Accrued payroll liabilities	233,036
Escrow on deposit	182,632
Due to Judicial Expense Fund	1,433,544
Due to others	370,277
Non-current liability - net pension liability (note 6)	9,370,089
Non-current liability - total OPEB liability (note 7)	<u>6,027,707</u>
Total liabilities	<u>17,861,443</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>	
Pensions (note 6)	<u>578,204</u>
Total deferred inflows of resources	<u>578,204</u>
<u>NET POSITION:</u>	
Net investment in capital assets	164,426
Unrestricted	<u>11,531,474</u>
Total net position	<u><u>\$ 11,695,900</u></u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

<u>EXPENSES:</u>	<u>Salary Fund</u>
<u>GENERAL GOVERNMENT:</u>	
Personnel services and related benefits	\$ 9,417,102
Operating services	<u>3,647,908</u>
Total expenses	<u>13,065,010</u>
<u>PROGRAM REVENUES:</u>	
Fees, charges, and commissions for services:	
Filing and recording fees for legal documents	11,834,727
Fees for copies of documents and facsimiles	588,276
FEMA stabilization project	247,597
Remote access fees	638,023
Documentary tax income	120,201
Non-employer share of net pension liability contributions	574,102
UCC fees	144,024
Supreme Court civil case processing fees	20,741
Indigent legal fees	<u>4,785</u>
Total program revenues	<u>14,172,476</u>
Net program income	<u>1,107,466</u>
<u>GENERAL REVENUES:</u>	
Interest earnings	<u>235,637</u>
Total general revenues	<u>235,637</u>
<u>NET POSITION:</u>	
Change in net position	1,343,103
Beginning of the year, as restated (note 13)	<u>10,352,797</u>
End of the year	<u>\$ 11,695,900</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2018

ASSETS

		<u>Salary Fund</u>
Cash and cash equivalents	\$	24,460,451
Receivables		1,202,114
Prepaid expenses		<u>274,638</u>
 Total assets	 \$	 <u><u>25,937,203</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES:

Accounts payable	\$	244,158
Accrued payroll liabilities		17,422
Escrow on deposit		182,632
Due to Judicial Expense Fund		1,433,544
Due to others		<u>370,277</u>
 Total liabilities		 <u><u>2,248,033</u></u>

FUND BALANCE:

Nonspendable:		
Prepaid items		274,638
Assigned for:		
Unified indexing system		1,542,588
Post-employment benefits		6,027,707
Records preservation & stabilization		2,327,991
Book binding		340,196
FEMA stabilization project expenditures		222,075
Case management and efilings system		1,648,425
Pension liability		9,370,089
Unassigned		<u>1,935,461</u>
 Total fund balance		 <u><u>23,689,170</u></u>
 Total liabilities and fund balance	 \$	 <u><u>25,937,203</u></u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE BALANCE SHEET-GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balance - governmental funds (fund financial statements)	\$	23,689,170
Amounts reported for governmental activities in the statement of net position (government-wide financial statements) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		164,426
Certain non-current liabilities - OPEB obligations - are not due and payable in the current period and therefore are not reported in the funds		(6,027,707)
Certain non-current liabilities - net pension liabilities - are not due and payable in the current period and therefore are not reported in the funds		(9,370,089)
Deferred outflows of resources related to pensions are not reported in governmental funds		2,920,681
Deferred outflows of resources related to OPEB are not reported in governmental funds		16,968
Deferred inflows of resources related to pensions are not reported in governmental funds		(578,204)
Accrued due from Judicial Expense Fund is not due and receivable in the current period and therefore is not reported in the funds		1,096,269
Accrued compensated absences are not recorded on the governmental fund financials because they are not due and payable at June 30, 2018		<u>(215,614)</u>
Total net position (government-wide financial statements)	\$	<u>11,695,900</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2018

REVENUES:

Fees, charges, and commissions for services:	
Filing and recording fees for legal documents	\$ 11,834,727
Fees for copies of documents and facsimiles	588,276
FEMA stabilization project	247,597
Remote access fees	638,023
Documentary tax income	120,201
JEF payments on A/R	56,404
UCC fees	144,024
Supreme Court civil case processing fees	20,741
Indigent legal fees	4,785
Interest earnings	<u>235,637</u>
 Total revenues	 <u>13,890,415</u>

EXPENDITURES:

General government:	
Personnel services and related benefits	8,545,647
Operating services	<u>3,513,890</u>
 Total current expenditures	 12,059,537
 Capital outlay	 <u>93,633</u>
 Total expenditures	 <u>12,153,170</u>
 Excess of revenues over expenditures	 1,737,245
 FUND BALANCE AT BEGINNING OF YEAR	 <u>21,951,925</u>
 FUND BALANCE AT END OF YEAR	 <u>\$ 23,689,170</u>

See notes to financial statements

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

Change in fund balance (fund financial statements) \$ 1,737,245

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

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

Compensated absences	(43,410)
OPEB	(500,072)
Pensions	(327,973)
Non-employer contributions for pensions	574,102

Current year decrease in due from Judicial Expense Fund is recorded on fund financials because under the modified accrual basis of accounting it is not accrued as receivable in the governmental funds.	(56,404)
--	----------

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

Capital asset purchases capitalized	93,633
Depreciation expense	(134,018)

Change in net position (government-wide financial statements) \$ 1,343,103

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

INTRODUCTION

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of the Salary Fund of the Clerk of Civil District Court for the Parish of Orleans have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB, Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Reporting Entity

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

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

Fund Accounting

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

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Salary Fund

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

Agency Fund

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

Basis of Accounting

Fund Financial Statements (FFS) - The amounts reflected in the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund (FFS), are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

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

Revenues

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

Expenditures

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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

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

Program Revenues

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

Budget Practices

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

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. There was no amendment to the budget for the 2018 fiscal year.

Uncollectible Accounts Receivable

The Clerk of Court considers all accounts receivable at June 30, 2018 to be fully collectible. Accordingly, no allowance for uncollectible accounts is required.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Capital Assets

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. Currently, the Clerk has one item that qualifies for reporting in this category, deferred amounts related to pensions.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Clerk of Court's office earn, based on years of service, from 1 to 4 weeks vacation leave per year, 3 days of personal leave per year and 4 or 5 days of sick leave per year. The vacation, personal and sick leave accrue on an employment anniversary date basis and must be used in the following year of service, otherwise it is forfeited. During the first year of service, 4 days of sick leave and 1 day of personal leave accrue after 3 months of service and a successful evaluation, and 2 additional days of personal leave accrue after 6 months of service. Overtime is compensated for as compensatory time rather than payment. Compensatory time is calculated at one and one-half hours for each hour worked in excess of forty hours per week. Employees also earn earned leave time for attendance at approved after-hours office meetings and workshops. Earned leave time is equal to the amount of time spent at the meeting or workshop. The accrued compensated absences which had been unused by employees at June 30, 2018 has been included in the government-wide financial statements.

Equity Classifications

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

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

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

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

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

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

Use of Estimates

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

(2) REGISTRY OF COURT FUND OMISSION

The Registry of Court Agency Fund is on a calendar year basis and was separately audited by auditors who issued an unmodified opinion dated June 18, 2018 on its financial statements as of December 31, 2017. Since the Registry of Court Agency Fund is on a different fiscal year than the Salary Fund and was audited by other auditors, it is not included in the audit of the Salary Fund.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(3) CASH AND CASH EQUIVALENTS

At June 30, 2018, the Clerk of Court – Salary Fund, has cash in checking accounts (book balances) totaling \$15,877,373 and bank balances for these accounts were \$16,181,475. The Clerk of Court – Salary Fund also held a certificate of deposit with book and bank balances of \$8,583,078.

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

Custodial risk is the risk that in the event of a bank failure, deposits may not be returned to it. As of year-end, \$24,264,553 of the Clerk’s bank balance was exposed to custodial credit risk. These deposits were collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Clerk’s name.

These deposits are secured from risk by \$500,000 of federal deposit insurance and two Federal Home Loan Bank Letters of Credit held by the custodial bank in the name of the fiscal agent bank (GASB Category 3) with par values and market values totaling \$24,000,000 at June 30, 2018.

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

(4) RECEIVABLES

The receivables of \$1,202,114 at June 30, 2018, are for court filing and recording fees (\$913,248), documentary tax fees (\$10,872), NSF and other chargeback fees (\$12,358), and FEMA stabilization (\$265,636).

(5) DUE TO JUDICIAL EXPENSE FUND

During fiscal year ended June 30, 2018, 100% of the filing fees collected were deposited into the Clerk’s bank account and a portion of those fees were disbursed by the Clerk to the Orleans Parish Civil Judicial Expense Fund at the close of each month. Employee benefits are paid by the Judicial Expense Fund and billed back to the Clerk each month. As of June 30, 2018, the Clerk had a net balance due to the Judicial Expense Fund of \$1,433,544. Such amount is represented as Due to Judicial Expense Fund on the Clerk’s financial statements.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS

Plan Descriptions

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

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

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

The Employees' Retirement System of the City of New Orleans is a defined benefit pension plan established under the laws of the State of Louisiana. The City Charter provided that the Retirement Ordinance (Chapter 114 of the Code) continues to govern and control the retirement system under the management of the Board of Trustees, and also for changes in the retirement system by council action, subject to certain limitations for the purpose of providing retirement allowances, death, and disability benefits to all officers and employees of the parish, except those officers and employees who are already or may hereafter be included in the benefits of any other pension or retirement system of the City of New Orleans, the state, or any political subdivision of the state. The report may be obtained by writing to the City of New Orleans Employees' Retirement System, 1300 Perdido Street, Room 1E12, New Orleans, LA 70112. See page 33 for the Orleans System, or the website, www.nola.gov/nomers.

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

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

Funding Policy

For the LCCRRF system, a member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of 55 years or more and terminating employment. Regular retirement benefits, payable monthly for life, equal 3 1/3% of the member's average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012. Additionally, Act 273 of the 2010 regular session increased a member's retirement to age sixty with an accrual rate of 3% for all members hired on or after January 1, 2011. A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

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

Contributions – LCCRRF and LASERS

According to state statute, for the LCCRRF system, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending June 30, 2018, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. LCCRRF payables at June 30, 2018 were \$105,042.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Contributions – LCCRRF and LASERS, (Continued)

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	8.25% \$ 375,916	-% \$ -
Employers	<u>19.00%</u> <u>904,773</u>	<u>27.25%</u> <u>1,280,689</u>
	<u>27.25%</u> <u>\$1,280,689</u>	<u>27.25%</u> <u>\$1,280,689</u>

For the LASERS system, contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Under the terms of the plan, employees contribute a specified percentage of their gross earnings and the Clerk also contributes a specified percentage. For the year ending June 30, 2018, the actual employer contribution rate and the actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	8.00% \$ 25,017	-% \$ -
Employers	<u>37.90%</u> <u>125,783</u>	<u>45.90%</u> <u>150,800</u>
	<u>45.90%</u> <u>\$ 150,800</u>	<u>45.90%</u> <u>\$ 150,800</u>

The Clerk's contributions to the LCCRRF system for the years ended June 30, 2018, 2017, 2016, were approximately \$1,280,000, \$1,124,000, and \$1,036,000, respectively, equal to the required contributions for each year. The Clerk's contributions to the LASERS system for the years ended June 30, 2018, 2017, 2016, were approximately \$151,000, \$137,000 and \$150,000, respectively, equal to the required contribution for each year.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

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

At June 30, 2018, the Clerk reported a liability totaling \$9,370,089, of which \$8,114,080 was for its proportionate share of the net pension liability for the LCCRRF system and \$1,256,009 for the LASERS System. 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's proportion of the Net Pension Liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Clerk's proportion was 5.363142% for the LCCRRF system, which was an increase of .440942% from its proportion measured as of June 30, 2016. At June 30, 2017, the Clerk's proportion was .017844% for the LASERS system, which was an increase of .003665% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Clerk recognized pension expense for the LCCRRF and LASERS systems totaling \$1,756,575, of which \$1,803,421 was for the LCCRRF system and \$(46,846) for the LASERS System. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$(30,808), of which \$156,016 was for the LCCRRF and \$(186,824) was for the LASERS System.

For the year ended June 30, 2018, the Clerk recognized revenue for the support provided by non-employer contributing entities totaling \$574,102, all from the LCCRRF system.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

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

At June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 245,729	\$ -	\$ 245,729	\$ 212,917	\$ 23,046	\$ 235,963
Change in assumptions	353,883	4,962	358,845	-	-	-
Net difference between projected and actual earnings on pension plan investments	111,123	40,843	151,966	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	956,413	177,172	1,133,585	279,854	62,387	342,241
Employer contributions subsequent to the measurement date	<u>904,773</u>	<u>125,783</u>	<u>1,030,556</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$2,571,921</u>	<u>\$ 348,760</u>	<u>\$2,920,681</u>	<u>\$ 492,771</u>	<u>\$ 85,433</u>	<u>\$ 578,204</u>

Employer contributions subsequent to the measurement date totaling \$1,030,556 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	<u>LCCRFF</u>	<u>LASERS</u>	<u>Total</u>
2019	\$ 306,711	\$ 27,258	\$ 333,969
2020	637,534	119,228	756,762
2021	413,509	16,345	429,854
2022	<u>(183,377)</u>	<u>(25,287)</u>	<u>(208,664)</u>
Total	<u>\$ 1,174,377</u>	<u>\$ 137,544</u>	<u>\$ 1,311,921</u>

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRFF System

The total pension liability in the June 30, 2017 actuarial valuation for the LCCRFF System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.00%, net of investment expense, including inflation
Inflation rate	2.5%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males)
Expected Remaining Service Lives	2017 – 7 years 2016 – 5 years 2015 – 5 years 2014 – 5 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRRF System (Continued)

Mortality Rate

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

Long-term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 7.20% as of June 30, 2017. The best estimates of geometric real rates of return for each major asset class included in the Fund’s target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.75%
Core plus fixed income	15.00%	2.25%
Domestic 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%
 Total	 <u>100.00%</u>	

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LCCRRF System (Continued)

Discount Rate

The discount rate used to measure the total 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 contributions from participating employers will be made at actuarially determined rates approved by Public Retirement Systems’ Actuarial Committee taking into consideration the recommendation of the Fund’s actuary. Based on these assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Clerk’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk’s proportionate share of the Net Pension Liability using the discount rate of 7.00%, as well as what the Clerk’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	LCCRRF System		
		Current	
	1% Decrease	Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Clerk’s proportionate share of the Net Pension Liability \$	12,417,456	\$ 8,114,080	\$ 4,460,668

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System

The total pension liability in the June 30, 2017 actuarial valuation for the LASERS System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.70% per annum
Inflation	2.75% per annum
Expected Remaining Service Lives	3 years
Mortality Rates	Non-disabled members – Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Disabled members – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System’s members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System’s members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.8%	12.8%
Judges	2.8%	5.3%
Corrections	3.4%	14.3%
Hazardous Duty	3.4%	14.3%
Wildlife	3.4%	14.3%

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (Continued)

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	(0.24)%
Domestic equity	25%	4.31%
International equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Asset Allocation	7%	2.84%
 Total	 <u>100%</u>	

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

Actuarial Assumptions – LASERS System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at the contractually required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Clerk’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk’s proportionate share of the Net Pension Liability using the discount rate of 7.70%, as well as what the Clerk’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate:

	LASERS System		
		Current	
	1% Decrease	Discount Rate	1% Increase
	<u>6.70%</u>	<u>7.70%</u>	<u>8.70%</u>
Clerk’s proportionate share of the Net Pension Liability \$	1,576,777	\$ 1,256,009	\$ 983,280

Detailed information about the pension plan’s fiduciary net position is available in the separately issued stand-alone audit report on their financial statements for the year ended June 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor’s website, www.lla.la.gov.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System

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

For the Orleans system, employer contributions are a percentage of earnable compensation of each member, known as "normal contributions," determined on the basis of regular interest and mortality tables adopted by the Board of Trustees, and additional percentage of earnable compensation, known as "Accrued Liability contributions," determined by actuary on basis of the amortization period adopted by the Board from time to time. Effective January 1, 2013, employee contributions are 6% of earnable compensation over \$1,200 per year. For the year ending June 30, 2018, the average actual employer contribution rate and the average actuarially determined employer contribution rate are listed below.

	<u>Required by Statute</u>	<u>Actual Contribution</u>
Contributions:		
Employees	6.00% \$ 12,395	-% \$ -
Employers	<u>22.37%</u> <u>46,215</u>	<u>28.37%</u> <u>58,610</u>
	<u>28.37%</u> <u>\$ 58,610</u>	<u>28.37%</u> <u>\$ 58,610</u>

Annual Pension Cost

The Clerk's contribution to the Orleans system for the year ending June 30, 2018, 2017 and 2016 were approximately \$59,000, \$64,000, and \$75,000, respectively, equal to the required contribution for each year. The required contribution was determined as part of the December 31, 2017 actuarial valuation (last available).

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System (Continued)

Required supplemental information – Schedule of Funding Program of PERS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll (b-a)/(c)
12/31/2011	\$ 379,526,159	\$507,173,226	\$ 127,647,067	74.84%	\$ 93,636,301	136.3%
12/31/2012	\$ 372,049,545	\$545,394,780	\$ 173,345,235	68.22%	\$ 92,881,497	186.6%
12/31/2013	\$ 365,102,483	\$544,535,710	\$ 179,433,227	67.05%	\$ 92,440,354	194.1%
12/31/2014	\$ 352,915,906	\$540,175,678	\$ 187,259,772	65.34%	\$ 97,243,872	192.6%
12/31/2015	\$ 367,274,453	\$562,686,405	\$ 195,411,952	65.27%	\$ 105,691,915	184.9%
12/31/2016	\$ 377,748,008	\$609,079,637	\$ 231,331,629	62.02%	\$ 115,504,517	200.3%
12/31/2017	\$ 388,233,310	\$629,766,451	\$ 241,533,141	61.65%	\$ 120,808,711	199.9%

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

<u>Clerk of Civil District Court for the Parish of Orleans</u>	<u>Year Ended June 30, 2018</u>
Total current-year payroll	\$ 206,595
Total current-year covered payroll – employer	\$ 206,595
Total current-year covered payroll – employees (excluding DROP wages)	\$ 206,595
Actuarially required contribution	\$ 46,215
Percentage of total actuarially required contribution of all participating employers and employees	.14%

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(6) PENSION PLANS (CONTINUED)

City of New Orleans Employees' Retirement System (Continued)

Actuarial information about the system for its most recent year available, the year ended December 31, 2017, is presented below.

City of New Orleans Employees' Retirement System

Estimated payroll for current year	\$ 120,808,711
Total actuarially required contribution	\$ 35,264,018
Percent of estimated payroll	29.19%
Net assets, fair value	391,827,316
Pension benefit obligation	<u>629,766,451</u>
Unfunded benefit obligation	<u>\$ 237,939,135</u>

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	152
	173

Total OPEB Liability

The Clerk of Civil District Court’s total OPEB liability of \$6,027,707 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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:

Inflation	3.00%
Salary increases	3.00%, including inflation
Discount rate	3.62%, net of OPEB plan investment expense, including inflation
Claim Cost Trend:	Medical, Medicare Advantage and dental premiums are assumed to increase at the following annual rates:

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

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

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

Balance at June 30, 2017, as restated	\$ 5,510,667
Changes for the year:	
Service cost	418,867
Interest	212,239
Differences between expected and actual experience	19,089
Benefit payments and net transfers	<u>(133,155)</u>
Net changes	<u>517,040</u>
Balance at June 30, 2018	<u>\$ 6,027,707</u>

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 7,265,697	\$ 6,027,707	\$ 5,053,447

Sensitivity of the Total OPEB Liability to Healthcare Cost Trend Rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,831,963	\$ 6,027,707	\$ 7,673,845

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(7) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2018, the Clerk of Court recognized OPEB expense of \$633,227. At June 30, 2018, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ <u>16,698</u>	\$ <u>-</u>
Total	\$ <u>16,698</u>	\$ <u>-</u>

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

Years ending June 30:	
2019	\$ 2,121
2020	2,121
2021	2,121
2022	2,121
2023	2,121
Thereafter	<u>6,363</u>
	<u>\$ 16,968</u>

(8) CAPITAL ASSETS

A schedule of changes in capital assets follows:

	Balance <u>6/30/2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2018</u>
Equipment	1,664,246	93,633	-	1,757,879
Accumulated Depreciation	<u>(1,459,435)</u>	<u>(134,018)</u>	<u>-</u>	<u>(1,593,453)</u>
Capital Assets, Net	<u>\$ 204,811</u>	<u>\$ (40,385)</u>	<u>\$ -</u>	<u>\$ 164,426</u>

Included in Equipment assets above is \$711,013 of software that is an intangible asset. Amortization of \$62,094 was recorded on all intangible assets in the current year. The net book value of intangibles was \$34,803.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

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

(10) COMPENSATED ABSENCES

A summary of compensated absences is as follows:

	<u>Balance at June 30, 2017</u>	<u>Net Increase (Decrease)</u>	<u>Balance at June 30, 2018</u>
Compensated absences	<u>\$ 172,204</u>	<u>\$ 43,410</u>	<u>\$ 215,614</u>

(11) LEASE COMMITMENTS

The Clerk has various month to month leases during the year. Lease payments made during the year totaled \$1,275,121 which is included in office operations.

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

Future minimum lease payments are as follows:

2019	\$	823,350
2020		763,830
2021		710,070
2022		710,070
2023		<u>710,070</u>
		<u>\$ 3,717,390</u>

The Clerk had one lease agreement for a vehicle. The lease term was 48 months beginning October 24, 2014. Lease payments made for vehicle during the year totaled \$12,498 which is included in office operations. The monthly minimum lease rental for the lease was \$911 through October 2017, then increased to \$1,357 for the remainder of the lease. The lease was canceled on June 1, 2018.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

(12) DUE FROM JUDICIAL EXPENSE FUND

The bank account balances as of December 31, 2008, of the Mortgage and Conveyance offices were required to be transferred from the Judicial Expense Fund to the Clerk of Court upon consolidation of Mortgage and Conveyance into the Clerk of Court pursuant to Act 621 of the 2006 regular legislative session. The initial balance of the transfer and amount to be received from the Judicial Expense Fund was \$1,435,539 and was recorded in the Government-Wide Financial Statements. As of June 30, 2012, the Judicial Expense Fund agreed to transfer one percent per month of its share of filing fees to the Clerk of Court. These payments began on September 9, 2012 and reduce the amounts owed to the Clerk of Court upon receipt. The balance due at June 30, 2017 was \$1,152,673. The Clerk received \$56,404 of this amount during 2018, leaving a balance due of \$1,096,269 at June 30, 2018.

(13) NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. This Statement is effective for fiscal years beginning after June 15, 2017. The adoption of GASB Statement No. 75 requires OPEB liabilities to be recognized on the Statement of Net Position. The effects of this statement were applied retroactively by reporting the cumulative effect of the application as a restatement of beginning net position or fund balance, as appropriate. The impact of the implementation of the to the Clerk of Court's financial statements was a decrease in net position of \$2,395,115.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES:</u>			
Fees, charges, and commissions for services:			
Filing and recording fees for legal documents	\$12,345,129	\$11,834,727	\$ (510,402)
Fees for copies of documents and facsimiles	910,694	588,276	(322,418)
FEMA stabilization project	33,950	247,597	213,647
Remote access fees	-	638,023	638,023
Documentary tax income	-	120,201	120,201
JEF payments on A/R	-	56,404	56,404
UCC fees	-	144,024	144,024
Supreme Court civil case processing fees	-	20,741	20,741
Indigent legal fees	-	4,785	4,785
Interest earnings	<u>258,964</u>	<u>235,637</u>	<u>(23,327)</u>
 Total revenues	 <u>13,548,737</u>	 <u>13,890,415</u>	 <u>341,678</u>
<u>EXPENDITURES:</u>			
General government:			
Personnel services and related benefits	7,783,596	8,545,647	(762,051)
Operating services	<u>4,126,139</u>	<u>3,513,890</u>	<u>612,249</u>
 Total current expenditures	 11,909,735	 12,059,537	 (149,802)
 Computers, equipment, furniture & supplies	 <u>603,271</u>	 <u>93,633</u>	 <u>509,638</u>
 Total expenditures	 <u>12,513,006</u>	 <u>12,153,170</u>	 <u>359,836</u>
 Excess revenues over expenditures	 1,035,731	 1,737,245	 701,514
 FUND BALANCE AT BEGINNING OF YEAR	 <u>21,951,925</u>	 <u>21,951,925</u>	 <u>-</u>
 FUND BALANCE AT END OF YEAR	 <u>\$22,987,656</u>	 <u>\$23,689,170</u>	 <u>\$ 701,514</u>

(See Independent Auditors' Report)

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018*

	<u>6/30/2018</u>		<u>6/30/2017</u>		<u>6/30/2016</u>		<u>6/30/2015</u>
<u>Louisiana Clerks' of Court Retirement and Relief Fund</u>							
Clerk's Proportion of the Net Pension Liability	5.363142%		4.922200%		4.422629%		4.450706%
Clerk's Proportionate Share of the Net Pension Liability	\$ 8,114,080	\$	9,105,941	\$	6,634,083	\$	6,003,387
Clerk's Covered-Employee Payroll	\$ 4,188,623	\$	3,827,116	\$	3,268,388	\$	3,165,518
Clerk's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	193.72%		237.93%		202.98%		189.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.69%		74.17%		78.13%		79.37%
<u>LASERS System</u>							
Clerk's Proportion of the Net Pension Liability	0.017844%		0.014179%		0.01671%		0.02621%
Clerk's Proportionate Share of the Net Pension Liability	\$ 1,256,009	\$	1,113,413	\$	1,136,260	\$	1,638,652
Clerk's Covered-Employee Payroll	\$ 317,431	\$	334,822	\$	389,953	\$	540,849
Clerk's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	395.68%		332.54%		291.38%		302.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.54%		57.73%		62.66%		65.02%

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

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

See Independent Auditors' Report

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED JUNE 30, 2018

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

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>6/30/2018</u>
Total OPEB Liability:	
Service cost	\$ 418,867
Interest	212,239
Changes of benefit terms	-
Differences between expected and actual experience	19,089
Changes of assumptions	-
Benefit payments	<u>(133,155)</u>
 Net change in total OPEB liability	 517,040
Total OPEB liability - beginning, as restated	<u>5,510,667</u>
Total OPEB liability - ending	<u><u>\$ 6,027,707</u></u>
 Covered-employee payroll	 \$ 2,644,931
 Net OPEB liability as a percentage of covered employee payroll	 227.90%

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

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2018

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

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

Changes of Assumptions

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

For LASERS, the expected rate of return assumption was lowered from 7.75% to 7.70% and the inflation rate was decreased from 3.00% to 2.75% for the valuation dated June 30, 2017.

(2) SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

Changes of Benefit Terms

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

Changes of Assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. For the year ended June 30, 2018, 3.62% was used as the discount rate.

CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Dale N. Atkins</u>	<u>Chelsey R. Napoleon</u>
Time served	7/1/2017 - 4/20/2018	4/23/2018 - 6/30/2018
Salary	\$ 114,391	\$ 20,798
Expense warrant	13,642	3,217
Clerk supplemental	20,834	2,516
Benefits - health insurance	6,390	1,162
Benefits - deferred compensation	10,240	981
Benefits - retirement	28,285	7,119
Conventions and seminars (registration fees)	1,409	-
Membership dues	1,804	1,124
Travel - airfare and lodging (conventions)	1,653	-
Vehicle usage	9,782	-



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund - Salary Fund of the Clerk of Civil District Court for the Parish of Orleans, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements and have issued our report thereon dated December 26, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Stagni & Company

Thibodaux, Louisiana
December 26, 2018



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
Schedule of Current Year Findings
For the Year Ended June 30, 2018

We have audited the basic financial statements as of and for the year ended June 30, 2018, and have issued our report thereon dated December 26, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards – Not Applicable

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Type of Opinion on Compliance Unmodified Qualified

For Major Programs Disclaimer Adverse

Are there findings required to be reported in accordance with OMB Circular A-133, Section .510(a) Yes No

Was a management letter issued? Yes No



CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2018

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

THERE WERE NO PRIOR FINDINGS

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

THERE WERE NO PRIOR FINDINGS

Section III - Management Letter: **THERE WERE NO PRIOR FINDINGS**

***CLERK OF CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS***

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

***As of and for the Year Ending
June 30, 2018***



STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

AGREED-UPON PROCEDURES REPORT CLERK OF CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Period July 1, 2017 – June 30, 2018

To the Clerk of Civil District Court for the Parish of Orleans and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Clerk of Civil District Court for the Parish of Orleans and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. Management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: *The policies of the Clerk address all of the functions listed.*

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: *This section is not applicable; there is no board/finance committee.*



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Bank Reconciliations

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

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

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits



were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

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

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



Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

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

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

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.



- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

Contracts

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

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)



- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

Ethics

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

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

Debt Service

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

Results: *These procedures are not applicable.*

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the



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listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The Clerk did not have exceptions in this category in Year 1 (June 30, 2017), therefore was excluded from testing in Year 2 (June 30, 2018).*

25. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *The Clerk has posted on its premises and website the notice required by R.S. 24:523.1.*

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

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

Stagni & Company

Thibodaux, LA
November 21, 2018



STAGNI & COMPANY, LLC
