

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana
Financial Report
For the Year Ended June 30, 2020



CONTENTS

	Page
Independent Auditors' Report	3
Basic Financial Statements:	
Government-Wide Financial Statements (GWFS)	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements (FFS)	
Balance Sheet - Governmental Fund	11
Reconciliation of the Balance Sheet - Governmental Fund - to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes In Fund Balance - Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund - to the Statement of Activities	14
Statement of Fiduciary Assets and Liabilities	15
Notes to the Financial Statements	17
Required Supplemental Information:	
Budgetary Comparison Schedule - General Fund	43
Schedule of Changes in the Clerk's Total OPEB Liability and related Ratios	44
Schedule of Employer's Proportionate Share of Net Pension Liability	45
Schedule of Employer's Contribution	46
Other Supplemental Information:	
Combining Statement of Fiduciary Assets and Liabilities	48
Combining Statement of Changes in Fiduciary Assets and Liabilities	49
Schedule of Compensation, Benefits and Other Payments to Agency Head	50
Compliance and Internal Control:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	51
Schedule of Findings and Questioned Costs	53



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL
SARAH CLARK WERNER

INDEPENDENT AUDITORS' REPORT

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of June 30, 2020, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 43, Schedule of Changes in the Clerk's Total OPEB Liability and related Ratios on page 44, the Schedule of Employer's Proportionate Share of Net Pension Liability on page 45 and the Schedule of Employer's Contribution on page 46 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.

The Calcasieu Parish Clerk of Court has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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, economical, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calcasieu Parish Clerk of Court's basic financials statements. The other supplementary information on pages 48 through 50 is presented for purposes of additional analysis and is not required part of the basic financial statements.

The combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining statement of Fiduciary Assets and Liabilities, Combining Statement of Changes in Fiduciary Assets and Liabilities, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020, on our consideration of the Calcasieu Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of law, regulations, contract, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Calcasieu Parish Clerk of Court's internal control over financial reporting and compliance.

Joyce Williams, Co., CPA

Lake Charles, LA
December 22, 2020

BASIC FINANCIALS STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and interest-bearing deposits	\$ 4,524,030
Receivables	129,978
Investments	2,028,264
Prepaid items	45,726
Capital assets: Depreciable, net of accumulated depreciation	740,041
Total assets	7,468,039
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	2,101,602
OPEB related	1,275,801
Total deferred outflows of resources	3,377,403
Total assets and deferred outflows of resources	\$ 10,845,442
LIABILITIES	
Accounts payable and accrued liabilities	\$ 206,568
Due to fiduciary funds	150,424
Long-term liabilities:	
Due within one year	
Capital lease obligation	30,064
Compensated absences	172,144
Due after one year	
Long-term capital lease obligation	89,870
Compensated absences	156,690
Net pension liability	7,123,971
Net OPEB obligation	9,072,474
Total liabilities	17,002,205
DEFERRED INFLOWS OF RESOURCES	
Pension related	6,214
OPEB related	2,667,658
Total deferred inflow of resources	2,673,872
NET POSITION	
Invested in capital assets, net related debt	620,107
Unrestricted deficit	(9,450,742)
Total net position (deficit)	(8,830,635)
Total liabilities, deferred inflows of resources and net position	\$ 10,845,442

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

<u>Activities:</u>	<u>Expenses</u>	<u>Program Revenue</u> <u>Fee and Charges for Service</u>	<u>Net (Expense) Revenues and</u> <u>Changes in Net Position</u> <u>Governmental Activities</u>
Governmental activities:			
Judicial	\$ 9,490,104	\$ 8,603,987	\$ (886,117)
		General revenues:	
		Clerk's supplemental retirement	24,600
		Miscellaneous income	64,164
		Interest	44,431
		Total general revenues	<u>133,195</u>
		Change in net position	(752,922)
		Net position (deficit) - beginning of year	(8,077,713)
		Net position (deficit) - end of year	<u>\$ (8,830,635)</u>

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS (FFS)

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 4,524,030
Receivables	129,978
Investments	2,028,264
Prepaid items	<u>45,726</u>
Total assets	<u><u>\$ 6,727,998</u></u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 206,568
Due to agency funds	<u>150,424</u>
Total liabilities	356,992
FUND BALANCE	
Unassigned	<u>6,371,006</u>
Total liabilities and fund balance	<u><u>\$ 6,727,998</u></u>

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND -
TO THE STATEMENT OF NET POSITION

June 30, 2020

Total fund balance for governmental funds at June 30, 2020 \$ 6,371,006

Total net position reported for governmental activities in the Statement of Net Position is different due to the following:

Certain long-term assets are not reported in the fund financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position. Those assets consist of:

Deferred outflows - pension related	\$ 2,101,602	
Deferred outflows - OPEB related	<u>1,275,801</u>	
		3,377,403

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

Depreciable capital assets, net of \$1,998,883 accumulated depreciation		740,041
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Some liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consists of:

Long term note payable	\$ (119,934)	
Compensated absences payable	(328,834)	
Net OPEB Obligation payable	(9,072,474)	
Net pension liability	(7,123,971)	
Deferred inflows- OPEB related	(2,667,658)	
Deferred inflows- pension related	<u>(6,214)</u>	
		<u>(19,319,085)</u>

Total net position of governmental activities at June 30, 2020 \$ (8,830,635)

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

For the Year Ended June 30, 2020

	General Fund
REVENUES	
Fees and charges for services:	
Fees for recording legal documents	\$ 3,620,475
Fees for certified copies of documents	430,429
Court costs, fees, and charges	4,137,872
Remote internet access	158,195
Passports	69,815
Mortgage certificates	25,153
Birth certificates	122,998
Licenses and permits	39,050
	8,603,987
Clerk's supplemental compensation	24,600
Miscellaneous income	64,164
Interest	44,431
Total revenues	8,737,182
EXPENDITURES	
Current:	
Judicial:	
Personnel services	4,142,978
Employee benefits	2,383,864
Operating services	1,078,380
Travel and professional development	16,825
Supplies	335,576
Other expenses	4,671
Capital outlay	229,660
Debt services	90,775
Total expenditures	8,282,729
EXCESS OF REVENUES OVER EXPENDITURES	454,453
OTHER FINANCING SERVICES	
Long-term debt issued	130,239
NET CHANGE IN FUND BALANCE	584,692
FUND BALANCE AT BEGINNING OF YEAR	5,786,314
FUND BALANCE AT END OF YEAR	\$ 6,371,006

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

For the Year Ended June 30, 2020

Total net changes in fund balances at June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 584,692
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The change in net position reported for governmental activities in the Statement of Activities is different due to the following:

Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.

Non-employer contributions to cost-sharing pension plan	431,354
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance	229,660
Depreciation expense for the year ended June 30, 2020	(91,614)
	138,046

Government funds do not report changes in long term liabilities as expenditures. However, the following changes in long-term liabilities do appear in the Statement of Activities since the liabilities are reported on the Statement of Net Position.

Increase in capital lease	(122,943)
Repayment of capital lease	90,775
Decrease in compensated absences	(21,536)
Increase in other post retirement benefits	(1,047,250)
Pension contribution subsequent to the measurement date	740,444
Pension expense	(1,546,504)
	(1,907,014)

Total changes in net position at June 30, 2020 per Statement of Activities	\$ (752,922)
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See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2020

ASSETS

Cash and cash equivalents	\$ 12,880,677
Due from general fund	<u>150,424</u>
Total assets	<u><u>\$ 13,031,101</u></u>

LIABILITIES

Due to others	<u>\$ 13,031,101</u>
Total liabilities	<u><u>\$ 13,031,101</u></u>

See accompanying notes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

These financial statements present the Calcasieu Parish Clerk of Court (“Clerk of Court”) as the primary government. As defined by the governmental accounting standards board (“GASB”), GASB No. 14, component units are legally separate entities that are included in the reporting entity because of the significance of their operating or financial relationships. The GASB has established several criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Clerk of Court is legally separate and fiscally independent, the Clerk of Court is a separate governmental reporting entity. The Calcasieu Parish Police Jury (“Police Jury”) maintains and operates the parish courthouse in which the Clerk of Court’s office is located. These transactions between the Clerk of Court and the Police Jury are mandated by state statute and do not reflect fiscal dependency; thereby, they do not reflect financial accountability.

As an independent elected official, the Clerk of Court is solely responsible for the operations of his office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds.

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

B. BASIS OF PRESENTATION

The accompanying basic financial statements of the Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government - Wide Financial Statements (“GWFS”)

The Statement of Net Position and the Statement of Activities display information about the Clerk of Court as a whole. They include all funds of the Clerk of Court, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

B. BASIS OF PRESENTATION - (continued)

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the Clerk of Court’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in the net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the Clerk of Court are reported in three categories: 1) charges for service, 2) operating grants and contributions, and 3) capital grants and contributions.

Fund Financial Statements (“FFS”)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund is at least ten percent of the corresponding total for all funds of that category or type.

The Clerk of Court’s current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the Clerk of Court are described as follows:

Governmental Fund Types

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

Fiduciary Fund Type - Agency Funds

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

The Advanced Deposit, Registry of Court, Adoptions and Battered Women agency funds are used to account 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.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (“FFS”)

The amounts reflected in the governmental fund financial statements 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 balances 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 the Clerk of Court’s operations.

The amounts reflected in the governmental fund financial statements, 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 of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recorded in the period in which they are measurable and available.

Expenditures

Expenditures are recorded in the period in which the goods and services are received.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. BUDGET PRACTICES

The Clerk of Court uses the following mandated requirements for budget practices:

1. A proposed budget is prepared and submitted to the Clerk of Court.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

E. CASH AND INTEREST-BEARING DEPOSITS

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

F. INVESTMENTS

The Clerk of Court's investment program is authorized and limited by state statute to purchases of securities issued or guaranteed by the U.S. government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool ("LAMP"). LAMP is a nonprofit corporation formed by the State Treasury and organized under the laws of the State of Louisiana, which operates a local governmental investment pool equivalent to a money market fund. LAMP invests in short-term instruments as permitted by statute.

G. BAD DEBTS

Uncollectible amounts due for receivables are recognized as bad debts by direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with GAAP, the departure was not considered to be material at June 30, 2020.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

H. CAPITAL ASSETS

Capital assets are capitalized at historical cost. The Clerk of Court maintains a threshold level of \$1,000 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. All capital assets, other than land, are depreciated using the straight-line method as follows:

Furniture and equipment for 3 to 10 years
Legal document library costs for 40 years

I. COMPENSATED ABSENCES

The Clerk of Court has the following policy relating to deferred compensation (“comp”) time, vacation and sick leave:

All full time employees of the Clerk of Court’s office earn vacation leave at a rate of 2 to 6 weeks each year, depending upon their length of service. Vacation must be used in the calendar year after it is earned. Sick leave is earned at a rate of one to one and one-half days per month, depending upon length of service. Sick leave may be carried forward from year to year. When employees retire they receive a maximum of thirty days of compensation for sick days.

The Clerk of Court also offers employees the option of pay for overtime worked or deferred comp time which can be taken at a later date. Employees can begin accruing deferred comp time on January 1st of each year thru June 30th. The deferred comp time cannot be carried from one calendar year to the next and must be taken by August 31st each year. Deferred comp time earned between hours 35-40 is earned at regular deferred comp time. After 40 hours deferred comp time is earned as time and one-half. No more than 70 hours can be accrued as deferred comp time in a calendar year per employee.

The cost of leave privileges is recognized as current year expenditure in the general fund when the leave is actually taken. The cost of leave privileges not requiring current resources is reflected in the government-wide financial statements. At June 30, 2020, employees of the Clerk of Court’s office have accumulated \$328,834 in leave privileges; \$172,144 in current liabilities and \$156,690 in long-term liabilities.

J. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources is reported as liabilities in the governmental-wide statements. The long-term liabilities consist of capital lease obligations, compensated absences payable, pension liability and other post-retirement benefits.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delay recognition of expenditures or revenues, respectively. At June 30, 2020, the Clerk of Court deferred inflows and outflows of resources are attributable to its pension plan and OPEB plan.

L. EQUITY CLASSIFICATIONS

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

1. Investment in capital assets, net of related debt - 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 that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position - This amount has constraints 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.
3. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

M. FUND EQUITY

Accounting standards required governmental fund balances to be reported in as many as five classifications as listed below:

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

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because constraints that externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Clerk of Court. The Clerk of Court is the highest level of decision-making authority for the Clerk of Court’s Office. Commitments may be established, modified, or rescinded only through resolutions approved by the Clerk of Court.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

M. FUND EQUITY – (continued)

Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Clerk of Court’s adopted policy, only he may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Clerk of Court considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Clerk of Court considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Clerk of Court has provided otherwise in his commitment or assignment actions.

N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

O. ESTIMATES

The preparation of financial statements in conformity with GAAP require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

P. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In January 2017, GASB approved Statement No. 84, “*Fiduciary Activities*.” GASB Statement No. 84 establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. GASB No. 84 replaces *agency funds* with *custodial funds*, which generally are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of GASB Statement No. 84 must be implemented by the Clerk of Court for periods beginning after December 15, 2018, with earlier application encouraged. The standard did not have a material impact on the Clerk of Court’s net position or change in net position.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Q. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In June 2017, the Governmental Accounting Standards Board (GASB) approved Statement No. 87, "Leases." The objective of this Statement is to establish a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The provisions of GASB No. 87 must be implemented by the Clerk of Court for periods beginning after December 15, 2021, with earlier application encouraged. The effect of implementation of the statement of the Clerk of Court's financial statements has not yet been determined.

2. CASH AND INTEREST-BEARING DEPOSITS

At June 30, 2020, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$17,404,707 as follows:

	Governmental	Fiduciary	Total
Demand deposits	\$ 3,404,292	\$ 12,480,677	\$ 15,884,969
Saving deposits	305,187	-	305,187
Time deposits	808,384	400,000	1,208,384
Cash on hand	6,167	-	6,167
	\$ 4,524,030	\$ 12,880,677	\$ 17,404,707

These deposits are stated at cost, which approximates fair value. Custodial credit risk is the risk that the event of a bank failure, the Clerk of Court's deposits may not be returned. The Clerk of Court does not have a policy for custodial credit risk, however, under state law these 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.

At June 30, 2020, the bank balance was \$17,506,495. Of the bank balance, \$750,000 was covered by federal depository insurance, \$17,802,462 was covered by pledge securities (Category 3), and \$41,785 was uninsured and undercollateralized. The uninsured and undercollateralized balance was exposed to custodial credit risk.

Even though the pledge securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39.1229 impose 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.

As a means of limiting the Clerk of Court's exposure to fair value losses arising from rising interest rates, the certificates of deposits have maturities of one year or less.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

3. RECEIVABLES

The receivables balance as of June 30, 2020 was \$129,978, which consists of charges for services.

4. INVESTMENTS

Investments held at June 30, 2020 consist of \$2,028,264 in the Louisiana Asset Management Pool, a local government investment pool. This investment is carried at cost, which approximates fair value.

In accordance with GASB Codification Section 150.128, the investment in Louisiana Asset Management Pool (LAMP) is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in a pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit Risk: LAMP is rated AAAM by Standard and Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 90 days as of June 30, 2020.
- Foreign Currency Risk: Not applicable to 2a7-like pools.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. The Clerk of Court places no limit on the amount invested in any one financial institution.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2020, is as follows:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 2,090,820	\$ 229,660	\$ (37,414)	\$ 2,283,066
Legal document library	455,858	-	-	455,858
Total capital assets being depreciated	<u>2,546,678</u>	<u>229,660</u>	<u>(37,414)</u>	<u>2,738,924</u>
Less accumulated depreciation				
Furniture and equipment	1,824,957	91,614	(37,414)	1,879,157
Legal document library	119,726	-	-	119,726
	<u>1,944,683</u>	<u>91,614</u>	<u>(37,414)</u>	<u>1,998,883</u>
Total capital assets being depreciated, net	<u>\$ 601,995</u>	<u>\$ 138,046</u>	<u>\$ -</u>	<u>\$ 740,041</u>

Depreciation expense of \$91,614 was charged to the general government function.

6. CAPITAL LEASE COMMITMENT

The Clerk of Court has entered into a capital lease agreement under which they have financed the purchase of the KACE software system and the purchase of eighty computers.

Capital assets and related accumulated depreciation under capital lease are as follows:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2020</u>
Governmental fund activities:		
KACE software	7.99%	\$ 53,717
Computers	7.35%	50,639
Total capital lease obligations		<u>\$ 104,356</u>
KACE software	\$ 53,717	
Computers	67,687	
Less: accumulated depreciation	7,897	
Net book value	<u>\$ 129,301</u>	

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

6. CAPITAL LEASE COMMITMENT - (continued)

As of June 30, 2020, capital lease annual amortization is as follows:

	Year ending June 30:
	2021 \$ 30,064
	2022 37,044
	2023 37,044
	2024 15,782
Total requirements	119,934
Less interest	15,578
Present value of remaining payments	\$ 104,356

Amortization of financed capital project under capital assets is included in depreciation expense.

7. LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2020 is as follows:

	Balance, July 1, 2019	Additions	Reductions	Balance, June 30, 2020	Due within One Year
Governmental activities:					
Capital lease obligation	\$ 87,766	\$ 122,943	\$ (90,775)	\$ 119,934	\$ 30,064
Compensated absences	307,298	355,861	(334,325)	328,834	172,144
Net pension liability	6,476,077	2,021,095	(1,373,201)	7,123,971	-
Net OPEB	9,961,808	-	(889,334)	9,072,474	-
	\$ 16,832,949	\$ 2,499,899	\$ (2,687,635)	\$ 16,645,213	\$ 202,208

8. PENSION PLAN

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225)293-1162.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

8. PENSION PLAN – (continued)

Summary of significant accounting policies:

The Louisiana Clerks' of Court Retirement and Relief Fund (Fund) prepared its employer schedules in accordance with Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. It also provides methods to calculate participating employers' proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

Basis of accounting:

The Fund's employer pension schedules are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The members' earnable compensation is attributed to the employer for which the member is employed as of June 30, 2019.

Plan fiduciary net position:

Plan fiduciary net position is a significant component of the Fund's collective net pension liability. The Fund's plan fiduciary net position was determined using the accrual basis of accounting. The Fund's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the Fund's investments. Accordingly, actual results may differ from estimated amounts.

Pension Amount Netting:

The deferred outflows and deferred inflows of resources attributable to differences between projected and actual earnings on pension plan investments recorded in different years are netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows are not presented on a net basis.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

8. PENSION PLAN – (continued)

Plan description:

The Fund was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. Title 11:1501 for eligible employees of the Clerk of the Supreme Court, each of the district courts, each of the courts of appeal, each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of entrance into the Fund, the Louisiana Clerks' of Court Association, the Louisiana Clerks' of Court Insurance Fund, and the employees of the Fund. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

Retirement benefits:

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

Disability benefits:

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

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

8. PENSION PLAN – (continued)

Survivor benefits:

Upon the death of any active contributing member with less than five years of credited service, his/her accumulated contributions are paid to his/her designated beneficiary. Upon the death of any active contributing member with five or more years of credited service, automatic option 2 benefits are payable to the surviving spouse. These benefits are based on the retirement benefits accrued at the member's date of death with option factors used as if the member had continued in service to earliest normal retirement age. Benefit payments are to commence on the date a member would have first become eligible for normal retirement assuming continued service until that time. In lieu of a deferred survivor benefit, the surviving spouse may elect benefits payable immediately with benefits reduced $\frac{1}{4}$ of 1% for each month by which payments commence in advance of member's earliest normal retirement age. If a member has no surviving spouse, the surviving minor children under 18 or disabled children shall be paid $\frac{1}{2}$ of the member's accrued retirement benefit in equal shares. Upon the death of any former member with less than 12 years of service, the designated beneficiary may receive his/her accumulated contributions. Upon the death of any former member with 12 or more years of service, automatic option 2 benefits are payable to the surviving spouse with payments to commence on the member's retirement eligibility date. In lieu of periodic payments, the surviving spouse or children may receive a refund of the member's accumulated contributions.

Deferred retirement option plan (DROP):

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the DROP account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the DROP account equal to the payments to the account or a true annuity based upon his account (subject to approval by the Board of Trustees). In addition, the member receives the monthly benefits that were paid into the DROP fund during his period of participation.

If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. The interest earnings are based on the actual rate of return on funds in such accounts. These interest accruals cease upon termination of employment.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

8. PENSION PLAN – (continued)

Deferred retirement option plan (DROP): - (continued)

Upon termination, the member receives a lump sum payments from the DROP fund equal to the payments made to that fund on his behalf or a true annuity based in his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation. Prior to January 1, 2011, the average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least 36 months. Effective January 1, 2011, the average compensation for members whose additional service is less than 36 months is equal to the lesser amount used to calculate the original benefit or the compensation earned in the period of additional service divided by the number of months of additional service. For former DROP participants who retire after December 30, 2010, the period used to determine final average compensation for post-DROP service is 36 months plus the number of whole months elapsed from January 1, 2011 to the date of DROP entry. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Cost-of-living adjustments (COLA):

The Board of Trustees is authorized to grant retired members and widows of members who have been retired for at least one full calendar year an annual cost of 2.5% of their benefit (not to exceed \$40 per month), and all retired members and widows who are 65 years of age or older a 2% increase in their original benefit (or their benefit as of October 1, 1977, if they retired prior to that time). In order to grant the 2.5% COLA, the increase in the consumer price index must have exceeded 3% since the last COLA granted. In order for the Board to grant either of these increases, the Fund must meet certain other criteria as detailed in the Louisiana statute relating to funding status. In lieu of granting the above cost of living increases, Louisiana statutes allow the Board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

Employer contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2019, the actual employer contribution rate was 19%. Employer proportionate share of contribution for the year ended June 30, 2019 was \$725,201.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities. Non-employer contributions are recognized as revenue in the amount of \$431,354 for the year ended June 30, 2020 and are excluded from the pension expense.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

8. PENSION PLAN – (continued)

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

At June 30, 2020, the Clerk of Court reported a liability of \$7,123,971 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the net pension liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Clerk of Court's proportion was 3.922909%, which was an increase of 0.029399% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Clerk of Court recognized pension expense of \$1,546,504, less employer's amortization of changes in the proportionate share and differences between the employer contributions and the proportionate share of contributions in the amount of \$3,089. The Clerk of Court recognized revenue of \$431,354 as its proportionate share of non-employer.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual	\$ 20,029	\$ -
Change of assumptions	455,388	-
Net difference between projected and actual earnings on pension plan investment	551,913	-
Change in proportion and differences between employer contributions and proportionate share of contribution	333,828	6,214
Employer contributions subsequent to the measurement date	740,444	-
Total	\$ 2,101,602	\$ 6,214

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

8. PENSION PLAN – (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: - (continued)

The Clerk of Court reported a total of \$740,444 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ending June 30,

2021	\$	545,258
2022		202,739
2023		402,888
2024		204,059
	<u>\$</u>	<u>1,354,944</u>

Actuarial assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of investment expense,
Projected salary increases	5.00%
Inflation Rate	2.5%
Mortality	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuitant Table (set forward 1 year for males) and projected to 2030 using scale AA for males and females
Expected Remaining Service Lives	2019 – 5 years 2018 – 5 years 2017 – 5 years 2016 – 5 years 2015 – 5 years

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

8. PENSION PLAN – (continued)

Actuarial assumptions: - (continued)

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.

The actuarial assumptions used are based on the assumptions used in the 2019 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, unless otherwise specified. In cases where benefit structures were changes after the experience study period, assumptions were based on future experiences.

The mortality rate assumption used was verified by combining data from this plan with two 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.

The long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 6.38%, for the year ended June 30, 2019.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

8. PENSION PLAN – (continued)

Actuarial assumptions: - (continued)

Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2019, is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income:		
Domestic Bonds	20.0%	2.50%
International Bonds		3.50%
Domestic Equity	33.0%	7.50%
International Equity	27.0%	8.50%
Real Estate	10.0%	4.50%
Hedge Funds	10.0%	6.59%
	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and the Public Retirement System's Actuarial Committee (PRSAC), taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2019:

	Changes in Discount Rate:		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Employer's proportionate share of net pension liability	\$ 10,585,037	\$ 7,123,971	\$ 4,187,781

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

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

Benefits provided: The Clerk of Court provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100% of pre-Medicare, Medicare Advantage and/or Medicare Supplement premium and retiree life insurance for retirees. The plan also provides for payment of 50% of medical premiums for dependents. Dental and vision are voluntary and 100% paid by the retiree. Surviving spouses are required to pay 100% of the premiums.

Employees covered by benefit terms: At January 1, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	50
Active employees	111
Total	<u>161</u>

Total OPEB Liability

The Clerk’s total OPEB liability of \$9,072,474 was measured as of June 30, 2020 and was determined by an actuarial valuation as of January 1, 2019.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

Notes to the Financial Statements
For the Year Ended June 30, 2020

9. OTHER POST-EMPLOYMENT BENEFITS – (continued)

Total OPEB Liability - continued

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

Inflation:	2.40%
Salary Increases, including inflation:	3.25%
Discount Rate:	2.45%
Health Care Cost Trend Rates	
Medical:	6.5% for 2021, decreasing 0.25% per year to an ultimate rate of 5.0% for 2027 and later years.
Medicare Advantage:	5.0% for 2021, decreasing 0.25% per year to an ultimate rate of 3.0% for 2029 and later years. Includes 2% per year for aging.
Dental	3.0% annual trend
Vision:	3.0% annual trend
Retirees' Share of Benefit-Related Costs	
Medical:	0% for retirees and 50% for dependents.
Medicare Supplement:	0% for retirees and 50% for dependents.
Dental:	0% for retirees and 50% for dependents.
Vision:	100% for retirees and 100% for dependents.
Basic Life Insurance:	0%

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

Mortality rates for active employees were based on the PubG.H-2010 Employee mortality table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

Mortality rates for retired employees were based on the PubG.H-2010 Healthy Annuitant mortality table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

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

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS – (continued)

Changes in Total OPEB

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 9,961,807
Changes for the year:	
Service cost	\$ 199,398
Interest	312,826
Differences between expected and actual experience	532,513
Changes in assumptions/inputs	(2,591,309)
Change in benefit terms	990,740
Benefit payments	(333,501)
Net changes	(889,333)
Balance at June 30, 2020	\$ 9,072,474

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

	<u>1% Decrease</u> -1.45%	<u>Discount Rate</u> -2.45%	<u>1% Increase</u> -3.45%
Total OPEB Liability	\$ 10,625,904	\$ 9,072,474	\$ 7,903,199

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 8,048,142	\$ 9,072,474	\$ 10,761,694

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

9. OTHER POST-EMPLOYMENT BENEFITS – (continued)

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

For the year ended June 30, 2020, the Clerk recognized an OPEB expense of \$1,373,356. At June 30, 2020, the Clerk 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	\$ 479,262	\$ 335,480
Changes of assumptions or other inputs	796,539	2,332,178
Total	\$ 1,275,801	\$ 2,667,658

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

For the year ending June 30,

2021	\$ (129,609)
2022	(129,609)
2023	(129,609)
2024	(129,609)
2025	(129,609)
Thereafter	(743,815)
	\$ (1,391,860)

10. DEFERRED COMPENSATION PLAN

The Clerk of Court offers its employees participation in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. The plan, available to all Clerk of Court's employees, permits the employees to defer a portion of their salary until future years. The Clerk of Court matches 50% of employee contributions. The Clerk of Court's contribution to the plan amounted to \$156,268 for the year ended June 30, 2020.

In accordance, with GASB Statement No. 32, plan balances and activities are not reflected in the Clerk of Court's financial statements. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

11. RISK MANAGEMENT

The Clerk of Court is exposed to risks of loss in the areas of auto liability, professional liability and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

12. CHANGES IN AGENCY FUND BALANCES

A summary of changes in agency fund unsettled deposits for the year ended June 30, 2020 follows:

	Unsettled Deposits at <u>Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	Unsettled Deposits at End of Year
Agency funds				
Advance deposit	\$ 7,433,052	\$ 7,535,059	\$ 6,593,098	\$ 8,375,013
Registry of court	4,232,258	1,067,848	788,388	4,511,718
Other fiduciary funds	137,368	66,904	59,902	144,370
Totals	<u>\$ 11,802,678</u>	<u>\$ 8,669,811</u>	<u>\$ 7,441,388</u>	<u>\$ 13,031,101</u>

13. EXPENDITURES PAID BY OR TO THE CALCASIEU PARISH POLICE JURY

The Clerk of Court's office is located in the Calcasieu Parish Courthouse. The Police Jury pays the upkeep and maintenance of the courthouse. These expenditures are not reflected in the accompanying financial statements.

Expenditures related to judge's secretary fees and telephone expenses totaling \$79,776 were paid to the Police Jury for the year ended June 30, 2020.

14. CONTINGENCIES AND COMMITMENTS

At year end, the Clerk of Court had no commitments outstanding.

15. LITIGATION AND CLAIMS

The Clerk of Court's office is not involved in any material matters of pending or threatened litigation as of the date of the independent auditors' report.

16. OPERATING LEASE COMMITMENT

The Clerk of Court is currently leasing equipment, which are considered operating leases. The lease terms range from 36 to 60 months. Total rent expense under these leases for the year ended June 30, 2020 was \$106,165. The future minimum operating lease commitments are as follows:

Year Ending <u>June 30,</u>	
2021	\$ 53,849
2022	33,160
2023	25,281
2024	5,738
Total	<u>\$ 118,028</u>

**Calcasieu Parish Clerk of Court
Lake Charles, Louisiana**

**Notes to the Financial Statements
For the Year Ended June 30, 2020**

17. SUBSEQUENT EVENTS

The outbreak of the novel coronavirus has adversely impacted and caused disruption in our economy. The outbreak could have a continued material adverse impact on the economic and market conditions. As of the date of these financials, the Clerk of Court's office is not able to predict the ultimate material adverse impact of the coronavirus. Nevertheless, the coronavirus presents material risk with respect to the Entity, its performance and its financial statements.

On August 27, 2020, Hurricane Laura made landfall in Southwest Louisiana. On October 9, 2020, Hurricane Delta made landfall in Southwest Louisiana. As a result, there were significant damages across the region. The financial impact of these events on the Entity has yet to be determined.

Management of the Clerk of Court has evaluated subsequent events through the date of the independent auditors' report, which is the date the financials were available to be issued. Other than the events disclosed above, the Clerk of Court is not aware of any subsequent events which required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2020

	GENERAL FUND			Variance Favorable (Unfavorable)
	BUDGET		Actual	
	Original	Final		
REVENUES				
Fees and charges for services:				
Fees for recording legal documents	\$ 3,825,540	\$ 3,736,000	\$ 3,620,475	\$ (115,525)
Fees for certified copies of documents	448,916	432,000	430,429	(1,571)
Court costs, fees, and charges	4,508,620	4,190,000	4,137,872	(52,128)
Remote internet access	164,609	158,000	158,195	195
Passports	126,374	76,000	69,815	(6,185)
Mortgage certificates	28,910	25,000	25,153	153
Birth Certificates	137,700	118,000	122,998	4,998
Licenses and permits	39,252	86,000	39,050	(46,950)
Clerk's supplemental compensation	24,491	25,000	24,600	(400)
Miscellaneous income	57,307	69,000	64,164	(4,836)
Interest	11,841	49,000	44,431	(4,569)
Total revenues	<u>9,373,560</u>	<u>8,964,000</u>	<u>8,737,182</u>	<u>(226,818)</u>
EXPENDITURES				
General Government-Judicial				
Personnel services	3,998,344	4,117,000	4,142,978	(25,978)
Employee benefits	2,142,000	2,453,000	2,383,864	69,136
Operating services	1,495,000	1,237,000	1,078,380	158,620
Travel and professional development	18,000	19,000	16,825	2,175
Supplies	261,000	309,000	335,576	(26,576)
Other expenses	-	-	4,671	(4,671)
Capital outlay	303,000	235,000	229,660	5,340
Debt services	-	-	90,775	(90,775)
Total expenditures	<u>8,217,344</u>	<u>8,370,000</u>	<u>8,282,729</u>	<u>87,271</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,156,216	594,000	454,453	(139,547)
OTHER FINANCING SERVICES				
Long-term debt issued	<u>-</u>	<u>60,000</u>	<u>130,239</u>	<u>(70,239)</u>
NET CHANGE IN FUND BALANCE	1,156,216	654,000	584,692	(209,786)
FUND BALANCE AT BEGINNING OF YEAR OF YEAR	<u>5,786,314</u>	<u>5,786,314</u>	<u>5,786,314</u>	
FUND BALANCE AT END OF YEAR	<u>\$ 6,942,530</u>	<u>\$ 6,380,314</u>	<u>\$ 6,371,006</u>	

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

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

For the Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 199,398	\$ 249,202	\$ 242,857
Interest	312,826	288,439	326,107
Change in benefit terms	990,740	-	-
Differences between expected and actual experience	532,513	(416,101)	(27,460)
Change in assumptions or other inputs	(2,591,309)	1,062,052	-
Benefit payments	(333,502)	(367,429)	(322,941)
Net Change in Total OPEB Liability	(889,334)	816,163	218,563
Total OPEB Liability - beginning	9,961,808	9,145,645	8,927,082
Total OPEB Liability - end	<u>\$ 9,072,474</u>	<u>\$ 9,961,808</u>	<u>\$ 9,145,645</u>
 Covered employee payroll	 \$ 3,611,083	 \$ 3,728,444	 \$ 3,611,083
 Total OPEB Liability as a percentage of covered employee payroll	 251.2%	 267.2%	 253.3%

Notes to Schedule:

Changes of benefit terms: None

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.62%
2019	3.13%
2020	2.45%

Mortality Rates

2018	PubG.H-2014 Employee and Heathy Annuitant, Generational with MP-2018.
2019	PubG.H-2010 Employee and Heathy Retiree, Generational with MP-2018.
2020	PubG.H-2010 Employee and Heathy Retiree, Generational with MP-2019.

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020

Year Ended	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered employee payroll	Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2016	3.63505%	\$ 4,903,196	\$ 2,997,852	163.56%	79.37%
June 30, 2017	3.75697%	\$ 5,635,566	\$ 2,997,852	187.99%	78.13%
June 30, 2018	3.74199%	\$ 6,922,579	\$ 3,618,630	191.30%	74.17%
June 30, 2019	3.89351%	\$ 6,476,077	\$ 3,814,076	169.79%	79.07%
June 30, 2020	3.92291%	\$ 7,123,971	\$ 3,897,073	182.80%	77.93%

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

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF THE EMPLOYER'S CONTRIBUTION
For the Year Ended June 30, 2020

<u>Year Ended</u>	<u>Contractually required contribution</u>	<u>Contributions in relation to contractual required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Employer's covered employee payroll</u>	<u>Contributions as a % of covered employee payroll</u>
June 30, 2016	569,592	649,585	(79,993)	2,997,852	19.00000%
June 30, 2017	605,321	645,370	(40,049)	3,185,900	19.00000%
June 30, 2018	647,715	687,540	(39,825)	3,618,630	19.00000%
June 30, 2019	686,853	724,674	(37,821)	3,814,076	19.00000%
June 30, 2020	724,732	740,444	(15,712)	3,897,073	19.00000%

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

See accompanying notes and independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2020

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ASSETS				
Cash and cash equivalents	\$ 8,238,659	\$ 4,511,718	\$ 130,300	\$ 12,880,677
Due from general fund	136,354	-	14,070	150,424
Total assets	\$ 8,375,013	\$ 4,511,718	\$ 144,370	\$ 13,031,101
LIABILITIES				
Due to others	8,375,013	4,511,718	144,370	13,031,101
Total liabilities	\$ 8,375,013	\$ 4,511,718	\$ 144,370	\$ 13,031,101

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

For the Year Ended June 30, 2020

	Advance Deposit Fund	Registry of Court Fund	Other Fiduciary Funds	Total
ADDITIONS				
Deposits:				
Suits and successions	\$ 7,533,124	\$ -	\$ 66,867	\$ 7,599,991
Judgments	-	1,065,880	-	1,065,880
Interest	1,935	1,968	37	3,940
Total additions	7,535,059	1,067,848	66,904	8,669,811
DEDUCTIONS				
Distributed to litigants	1,046,021	788,388	-	1,834,409
Clerk's costs	4,040,895	-	16,860	4,057,755
Sheriff's fees	714,020	-	5,408	719,428
Women's shelter fees	-	-	10,165	10,165
Other deductions	792,162	-	27,469	819,631
Total deductions	6,593,098	788,388	59,902	7,441,388
NET CHANGE	941,961	279,460	7,002	1,228,423
Balances at beginning of year	7,433,052	4,232,258	137,368	11,802,678
Balances at end of year	\$ 8,375,013	\$ 4,511,718	\$ 144,370	\$ 13,031,101

See accompanying notes and independent auditors' report.

Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

For the Year Ended June 30, 2020

Agency Head Name: Lynn Jones

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 175,768
Benefits-insurance	10,894
Benefits-retirement	47,897
Benefits- deferred compensation	7,200
Benefits- election custodian	2,400
Car allowance	23,904
Communication/ Technology	1,418
Per diem	950
Registration fees	4,306
	<u>\$ 274,737</u>

See accompanying notes and independent auditors' report.



Langley, Williams & Company, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
205 W. COLLEGE STREET
LAKE CHARLES, LOUISIANA 70605-1625
(337) 477-2827
1(800) 713-8432
FAX (337) 478-8418

LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN
PHILLIP D. ABSHIRE, III
NICHOLAS J. LANGLEY
ALEXIS H. O'NEAL
SARAH CLARK WERNER

INDEPENDENT AUDITORS' 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 Calcasieu Parish Clerk of Court
Lake Charles, 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, the major fund, and the aggregate remaining fund information of the Calcasieu Parish Clerk of Court, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Calcasieu Parish Clerk of Court's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Calcasieu Parish Clerk of Court's financial statements are free from 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The instances of noncompliance are identified as 20-01 (C), 20-02 (C), and 20-03 (C).

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. Accordingly, this communication is not suitable for any other purpose.

Loyd, Williams, Co., LLP

Lake Charles, Louisiana

December 22, 2020

**CALCASIEU PARISH CLERK OF COURT
Lake Charles, Louisiana**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020**

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? Yes

2. Current Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting:

There were no findings with regards to internal control.

Compliance:

2020-01 (C) – Compliance with Public Bid Law

Condition and Criteria: The Clerk may not have properly followed the public bid law for two capital lease purchases during the current year. The Clerk's office did obtain three quotes for each purchase; however, the Request for Proposals was not properly followed.

Recommendation: We recommend that all employees that are in charge of making purchases be properly trained on the public bid law.

Management's Response: The two purchases referenced in the finding were equipment acquired through capital leases. Though the pricing of the purchases in question were below the state contract approved, amounts the Clerk will inform those responsible for purchasing equipment that bid law applies to acquisitions through capital lease.

3. Prior Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.



Langley, Williams & Company, L.L.C.

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P.O. BOX 4690
LAKE CHARLES, LOUISIANA 70606-4690
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Calcasieu Parish Clerk of Court
Lake Charles, Louisiana

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calcasieu Parish Clerk of Court as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Calcasieu Parish Clerk of Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Calcasieu Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of Calcasieu Parish Clerk of Court's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit, we became aware of the following matters, which we believe represent opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are set forth below. The Calcasieu Parish Clerk of Court's response to the matter identified below were not subjected to auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it. This letter does not affect our reports dated December 22, 2020, on the financial statements, compliance and internal controls of the Calcasieu Parish Clerk of Court.

MLC 2020-01- Collateral on Deposits

Criteria: The Clerk may have violated the Louisiana law requires deposits over \$250,000, the FDIC insured limit to be secured by collateral (R.S. 39:1218 through R.S. 39:1221). The fiscal agent bank is required to deposit and maintain with an unaffiliated bank that security.

Condition: Collateral and FDIC insurance were deficient by approximately \$45 for accounts with a bank at June 30, 2020.

Recommendation: We recommend that the Clerk implement a procedure whereby collateral coverage is reviewed quarterly.

Management's Response: *The Clerk acknowledges that one bank was under pledged by \$45 at June 30, 2020. The Clerk is considering setting up an overnight sweep into a US Treasury money market account*

that will eliminate the need for pledging of collateral since the bank balance will always be less than the FDIC insurance amount.

MLC 2020-02- Budget

Criteria: The June 30, 2020 original budgeted revenues were over the 5% threshold compared to actual results which required an amended budget. The amended budget published in the official journal on June 20, 2020 for the June 30, 2020 year end was not within the 5% threshold (this amended budget was signed by the Clerk on June 12, 2020). After discussion with the Budget Officer and the 3rd party accountant (who assists in the preparation of the amended budget) there was a formula error in this amended budget that was published and had since been updated internally (final budget). This final budget for June 30, 2020 was signed by the Clerk on December 11, 2020.

Condition: Issues were noted in relation to the timeliness of Clerk's review of the final budget (June 30, 2020 amended budget not reviewed and approved by Clerk until December 11, 2020).

Recommendation: We recommend that the Clerk implement a procedure whereby the Clerk follows the budget best practices as defined by the Louisiana Legislative Auditor and review the third-party accountant's budget thoroughly and compare to actual results before sending to be published.

Management's Response: The Clerk plans to follow the budget best practices as defined by the Louisiana Legislative Auditor and review the third-party accountant's budget thoroughly and compare to actual results before sending to be published.

This communication is intended solely for the information and use of management Calcasieu Parish Clerk of Court, others within entity, and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.



Langley, Williams & Co., LLC
Lake Charles, LA
December 22, 2020