

**WEST BATON ROUGE PARISH
CLERK OF COURT
PORT ALLEN, LOUISIANA
FINANCIAL REPORT**

June 30, 2019



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WEST BATON ROUGE PARISH CLERK OF COURT

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June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mark Graffeo
West Baton Rouge Parish Clerk of Court
Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental-type activities and each fiduciary fund of the West Baton Rouge Parish Clerk of Court, a component unit of the West Baton Rouge Parish Council, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the West Baton Rouge Parish Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 (1) unmodified audit opinion on the governmental activities, General Fund, and fiduciary Registry of the Court Fund, and (2) qualified audit opinion on the fiduciary Advance Deposit Fund.

Basis for Qualified Opinion on Agency Fund

Due to the Clerk of Court's inability to reconcile individual suit balances in its Advanced Deposit Fund with the corresponding unsettled deposits liability recorded on its statement of fiduciary assets and liabilities at June 30, 2019, we were unable to satisfy ourselves, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 2019. The effect on the financial statements of not reconciling these individual suit balances cannot be reasonably determined.

Qualified Opinion

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the Advance Deposit Fund, the financial statements referred to above present fairly, in all material respects, the respective position of the Advance Deposit Fund of the Clerk of Court, as of June 30, 2019, and the respective changes in fiduciary position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental-type activities and the fiduciary Registry of the Court fund for West Baton Rouge Parish Clerk of Court as of June 30, 2019, and the respective changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 and budgetary comparison information, schedule of changes in net OPEB liability and related ratios, employer's proportionate share of the net pension liability, and employer's pension contributions schedules 1-4, 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Baton Rouge Parish Clerk of Court's basic financial statements. The schedule of compensation, benefits and other payments to agency head on schedule 5 is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the basic financial statements.

The schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2019 on our consideration of the West Baton Rouge Parish Clerk of Court's

internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the West Baton Rouge Parish Clerk of Court's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in blue ink that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in a cursive, flowing style.

December 19, 2019
Baton Rouge, Louisiana

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis

The Management's Discussion and Analysis of the West Baton Rouge Parish Clerk of Court's (the Clerk of Court) financial performance presents a narrative overview and analysis of the Clerk of Court's financial activities for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the additional information contained in the Clerk of Court's financial statements, which begins on page 10.

FINANCIAL HIGHLIGHTS

The Clerk of Court's total net position increased by \$75,081 while fund balance increased by \$226,441.

The operating revenues of the Clerk of Court increased \$101,478 or 7.95%.

The operating expenses of the Clerk of Court increased \$185,607 or 14.85%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the reader to the Clerk of Court's basic financial statements. The basic financial statements include: (1) government-wide financial statements, and fund financial statements, and (2) notes to the basic financial statements. The Clerk of Court also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

Government-wide Financial Statements

The Clerk of Court's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Clerk of Court's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of the Clerk of Court's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Clerk of Court as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities and Changes in Net Position which reports how the Clerk of Court's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when the Clerk of Court receives or pays cash. The format for the Statement of Activities presents the expenses reduced by the Program Revenues directly related to each respective function, to determine net costs of each function. The net costs of each function

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

are normally covered by general revenues. For the Clerk of Court, the only program (function) is "Judicial." Additionally, the Clerk does not receive any operating or capital grants or contributions. All revenues are generated from fees, charges and commissions for services.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources which have been segregated for specific activities or objectives. The West Baton Rouge Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds, and fiduciary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk of Court's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. The West Baton Rouge Clerk of Court has only one governmental fund – the General Fund – which is used to account for the Clerk of Court's basic services.

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

The West Baton Rouge Parish Clerk of Court adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided to demonstrate budgetary compliance.

The only type of *Fiduciary fund* maintained by the clerk is an "agency" fund. Agency funds are custodial in nature and represent assets held by the clerk as an agent for litigants pending court action. Under applicable standards of GASB 34, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

Notes to the Basic Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found immediately following the financial statements.

FINANCIAL ANALYSIS OF THE CLERK OF COURT AS A WHOLE

The Clerk of Court's net position (deficit) at fiscal year-end is \$(1,341,076). The following table provides a summary of the Clerk of Court's net position:

	2019	2018	Change	Percentage Change
Current assets	\$ 1,307,157	\$ 1,080,675	\$ 226,482	20.96%
Capital assets	3,020	3,905	(885)	-22.66%
Total assets	1,310,177	1,084,580	225,597	20.80%
Deferred Outflows of Resources	528,381	297,966	230,415	77.33%
Current liabilities	23,084	21,660	1,424	6.57%
Noncurrent liabilities	3,076,772	2,742,474	334,298	12.19%
Total liabilities	3,099,856	2,764,134	335,722	12.15%
Deferred Inflows of Resources	79,778	34,569	45,209	130.78%
Net investment in capital assets	3,020	3,905	(885)	-22.66%
Unrestricted	(1,344,096)	(1,420,062)	75,966	5.35%
Total net position	\$ (1,341,076)	\$ (1,416,157)	\$ 75,081	5.30%

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

The following table provided a summary of the Clerk of Court's changes in net position:

	2019	2018	Change	Percentage Change
Operating revenues	\$ 1,377,339	\$ 1,275,861	\$ 101,478	7.95%
Operating expenses	1,435,251	1,249,644	185,607	14.85%
Operating income (loss)	(57,912)	26,217	(84,129)	
Non-operating revenues (expenses)	132,993	8,676	124,317	1432.88%
Change in net position	\$ 75,081	\$ 34,893	\$ 40,188	

Financial Analysis of the Clerk of Court's Governmental Funds

The General Fund is the Clerk of Court's operating fund and the sources of day-to-day service delivery. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

Economic Factors

Clerk of Court revenue is dependent upon user generated fees in payment for provided services. Historically, these service fees account for over ninety percent of total revenue. The economy of West Baton Rouge Parish has remained stable in recent years and this trend is expected to continue. As such, the Clerk of Court will continue to provide the services its citizens have come to expect.

Budgetary Highlight

At year-end, the Clerk of Court realized just over 116.6% of our final budgeted revenue and 102.1% of our final budgeted expenditures.

WEST BATON ROUGE PARISH CLERK OF COURT
Port Allen, Louisiana

Management's Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBTS

Capital Assets

The Clerk of Court's investment in capital assets, net of accumulated depreciation, for governmental activities as of June 30, 2019 was \$3,020 compared to \$3,905 at June 30, 2018. In 2019 depreciation expense was \$885.

See Note 5 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Governmental Activities	
	2019	2018
Depreciable assets	\$ 488,662	\$ 488,662
Less accumulated Depreciation	(485,642)	(484,757)
Book value-depreciable assets	\$ 3,020	\$ 3,905

Net Pension Liability

At June 30, 2019, the Clerk reported \$1,014,916 for its proportionate share of net pension liability, \$361,382 for deferred outflows of resources and \$10,026 for deferred inflows of resources. See Note 7 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources.

Other Postemployment Benefits Liability

At June 30, 2018, the Clerk reported other postemployment benefits liability in the amount of \$1,864,446. At June 30, 2019, the Clerk reported other postemployment benefits liability in the amount of \$2,061,856. This was an increase of \$197,410 as compared to the prior year. See Note 8 to the basic financial statements for further discussion of other postemployment benefits.

CONTACTING THE CLERK OF COURT'S MANAGEMENT

This financial report is designed to provide a general overview of the Clerk of Court's finances, comply with finance-related laws and regulations, and to demonstrate the Clerk of Court's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the West Baton Rouge Parish Clerk of Court, P.O. Box 170, Port Allen, LA 70767; phone number (225) 383-0378.

WEST BATON ROUGE PARISH CLERK OF COURT**Statement of Net Position (Deficit)****June 30, 2019**

	Governmental Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 444,874
Accounts receivable	76,319
Investments - LAMP	785,964
	<u>1,307,157</u>
Total Current Assets	
	1,307,157
Noncurrent Assets	
Capital assets, net	3,020
	<u>3,020</u>
Total Assets	
	<u>1,310,177</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>528,381</u>
LIABILITIES	
Current Liabilities	
Accounts payable and accrued expenses	23,084
	<u>23,084</u>
Long-Term Liabilities	
Net OPEB liability	2,061,856
Net pension liability	1,014,916
	<u>3,076,772</u>
Total Long-term Liabilities	
	3,076,772
Total Liabilities	
	<u>3,099,856</u>
DEFERRED INFLOWS OF RESOURCES	<u>79,778</u>
NET POSITION (Deficit)	
Net investment in capital Assets	3,020
Unrestricted (Deficit)	(1,344,096)
	<u>(1,341,076)</u>
Total Net Position (Deficit)	<u>\$ (1,341,076)</u>

WEST BATON ROUGE PARISH CLERK OF COURT**Statement of Activities****Year Ended June 30, 2019**

		Program Revenues		Governmental
		Charges for	Operating	Net Revenues
	Expenses	Services, Fines, and Forfeitures	Grants and Contributions	and Changes in Net Position
Functions/programs				
Governmental Activities				
General government	\$ 1,411,704	\$ 1,347,559	\$ -	\$ (64,145)
Intergovernmental	23,547	29,780	-	6,233
Total Governmental Activities	<u>\$ 1,435,251</u>	<u>\$ 1,377,339</u>	<u>\$ -</u>	<u>(57,912)</u>
General revenues:				
Grants				42,098
Investment income				23,963
Non-employer contributions to pension plan				<u>66,932</u>
Change in net position				75,081
Net position (Deficit) - beginning				<u>(1,416,157)</u>
Net position (Deficit) - ending				<u><u>\$ (1,341,076)</u></u>

WEST BATON ROUGE PARISH CLERK OF COURT**Balance Sheet-Governmental Fund****June 30, 2019**

	General Fund
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 444,874
Due from other funds	63,257
Accounts receivable	13,062
Investments	785,964
Total Assets	\$ 1,307,157
LIABILITIES AND FUND BALANCE	
Liabilities	
Accrued expenses	\$ 15,455
Fund Balance	
Unassigned, reported in general fund	1,291,702
Total Liabilities and Fund Balance	\$ 1,307,157

WEST BATON ROUGE PARISH CLERK OF COURT***Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position (Deficit)******June 30, 2019*****Fund balances - total governmental funds** **\$ 1,291,702**

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

Capital assets used in governmental activities are not financial statement of resources and, therefore, are not reported in the governmental funds

Governmental capital assets	\$ 488,662	
Less accumulated depreciation	<u>(485,642)</u>	
		3,020

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds

Pension related changes reported as deferred outflows		528,381
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Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds

	(79,778)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds

Net OPEB liability	\$ (2,061,856)	
Net pension liability	(1,014,916)	
Compensated Absences	<u>(7,629)</u>	
		(3,084,401)
Net position of governmental activities		<u><u>\$ (1,341,076)</u></u>

WEST BATON ROUGE PARISH CLERK OF COURT**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund**

Year Ended June 30, 2019

	General Fund
Revenues	
Intergovernmental	\$ 29,780
Charges for services:	
Court cost and fees	815,333
Certified copies and data processing	72,308
Licenses	4,153
Recording fees	434,015
Grants	42,098
Investment income	23,963
Total revenues	1,421,650
Expenditures	
Current	
General government	
Personal services and related benefits	981,067
Operating services	234,212
Capital outlay	1,680
Total expenditures	1,216,959
Excess (Deficiency) of Revenues Over Expenditures	204,691
Other Financing Sources (Uses)	
Transfers In	21,750
Total other financing sources (uses)	21,750
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	226,441
Fund balance, beginning	1,065,261
Fund balance, ending	\$ 1,291,702

WEST BATON ROUGE PARISH CLERK OF COURT

***Reconciliation of the Governmental Funds Statement of Revenues, Year Ended June 30, 2019
Expenditures, Changes in Fund Balances to the Statement of Activities***

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

Net change in fund balances - total governmental funds	\$ 226,441
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Amounts reported for governmental activities in the statement of
activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Depreciation expense	\$ (885)	(885)
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Nonemployer's contributions to the clerk employees pension plan	66,932
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Some expenses reported in the statement of activities do not
required the use of current financial resources and, therefore,
are not reported as expenditures in governmental funds.

OPEB Expenses	\$ (88,633)	
Pension Expenses	(127,391)	
Compensated absences	(1,383)	
		(217,407)

Change in net position of governmental activities	<u>\$ 75,081</u>
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WEST BATON ROUGE PARISH CLERK OF COURT**Statements of Fiduciary Net Position -
Fiduciary Funds****June 30, 2019**

	Advance Deposits Fund	Registry of the Court Fund	Total
Assets			
Cash and cash equivalents	\$ 82,118	\$ 6,147	\$ 88,265
Investments	586,201	540,358	1,126,559
	668,319	546,505	1,214,824
Liabilities			
Due to the other funds	63,257	-	63,257
Unsettled deposits	605,062	546,505	1,151,567
	668,319	546,505	1,214,824
Net Position	\$ -	\$ -	\$ -

WEST BATON ROUGE PARISH CLERK OF COURT**Statements of Changes in Fiduciary Net Position -
Fiduciary Funds****Year Ended June 30, 2019**

	Advance Deposits Fund	Registry of the Court Fund	Total
Additions			
Suits and successions	\$ 1,167,026	\$ 154,511	\$ 1,321,537
Investment earnings	21,660	17,334	38,994
Miscellaneous	5,857	-	5,857
Total Additions	1,194,543	171,845	1,366,388
Deductions			
Clerk of court's cost	694,540	-	694,540
Settlement to/on behalf of litigants	-	608,613	608,613
Attorney, curator and notary fees	435,465	-	435,465
Sheriff's fees	138,373	-	138,373
Judges/Parish	43,467	-	43,467
Other deductions	24,109	-	24,109
Transfer to General Fund	21,571	179	21,750
Total Deductions	1,357,525	608,792	1,966,317
Change in Net Position	(162,982)	(436,947)	(599,929)
Unsettled Deposits, Beginning of Year	768,044	983,452	1,751,496
Unsettled Deposits, End of Year	\$ 605,062	\$ 546,505	\$ 1,151,567

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements

June 30, 2019

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies

A. Organization and Nature of Operations

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.

B. Reporting of Entity

The Clerk of Court is an independently elected official; however, the Clerk of Court is fiscally dependent on the West Baton Rouge Parish Council. The council maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture for the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the council, the Clerk of Court was determined to be a component unit of the West Baton Rouge Parish Council, the financial reporting entity.

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

C. Basis of Statement Presentation

The accompanying component unit financial statements of the West Baton Rouge Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards. These statements established standards for external financial reporting for all state and local governmental entities. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

D. Fund Accounting

The Clerk of Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities. A fund is defined as a separate accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental fund (General Fund) and fiduciary (Agency Funds).

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

General Fund

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

Fiduciary Funds

The fiduciary fund accounts for two agency funds, the advance deposit fund and the registry of court fund. Agency funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations. The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits in suits filed by litigants. The advances are refunded to the litigants after all costs are paid. The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds held by order of the court until judgment is rendered by the judiciary. Withdrawals of funds can be made only upon order of the court.

E. Measurement Focus/Basis of Accounting

Basic Financial Statements – Government – Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the West Baton Rouge Parish Clerk of Court.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

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

The Clerk of Court does not allocate indirect expenses.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Basic Financial Statements – Governmental Funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Revenues from recordings, copies, and other services are recognized when they become measurable and available as net current assets (i.e. when the service is performed). Substantially all other revenues are recorded when received.

Expenditures

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

F. Budgetary Policy and Accounting

The proposed budget for the 2019 fiscal year was made available for public inspection at the Clerk's office on June 4, 2018. The proposed budget, prepared on the modified accrual basis of accounting was published in the official journal prior to the public hearing. The budget hearing was held at the Clerk's office on June 12, 2018 and the budget was legally adopted by the Clerk. All appropriations lapse at year-end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments; if applicable.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

G. Encumbrances

The Clerk of Court does not use an encumbrance accounting system.

H. Cash and Cash Equivalents

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

I. Prepaid Items

Payments made to vendors for general insurance that will benefit periods beyond June 30th are recorded as prepaid expenditures. These amounts are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

J. Capital Assets and Depreciation

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalization purposes.

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 over the following useful lives.

<u>Assets</u>	<u>Estimated Lives</u>
Furniture and Equipment	5 to 7 Years

K. Compensated Absences

Employees receive 126 – 196 hours of paid time off per calendar year, depending on length of service. The Clerk will allow up to 35 hours to be carried over if an employee is unable to schedule leave due to their work schedule. Employees are paid for any unused paid time off accrued upon termination of employment.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

As of June 30, 2019 the Clerk had recorded in accrued expenses, \$7,629 representing unused leave for the calendar year ending 2019.

L. Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) inflows of financial resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of a new position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

M. Pensions

The Court is a participating employer in a cost-sharing, multiple-employer defined benefit plan as described in Note 7. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Interfund Activities

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

O. Clerk's Fees Transferred from Advance Deposit Agency Fund

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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

P. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, consists of capital assets, net of accumulated depreciating, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. At June 30, 2019, the Clerk had no outstanding debt.

Q. Fund Equity

In the governmental fund financial statements, fund balances are classified as follows:

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

Restricted – Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – Amounts that can only be used for specific purposes determined by a formal action of the Clerk of Court. These amounts cannot be used for any other purpose unless the Clerk of Court removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

Assigned - Amounts that are designated as committed by the Clerk of Court but are not spendable until a budget ordinance is passed.

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

The details of the fund balances are included in the Balance Sheet – Governmental Funds (Statement C). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R.S. 13:785 requires that every four years (at the close of the term of office) the clerk of court shall pay into the parish treasury the portion of the General Fund's fund balance that exceeds one-half of the revenues of the clerk's last year of his term of office, limited to no more than which was received by the clerk in accordance with R.S. 13:784(A) during said term of office. The amount owed to the parish treasurer under R.S. 13:785 is limited to the funds provided by the parish treasurer under provisions of R.S. 13:784(A) to help defray the costs of office furniture, equipment,

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

and record books during the clerk of court's four year term. The Clerk's term expired on June 30, 2016, and there are no amounts due to the parish treasurer under the provisions of R.S. 13:785. The Clerk was re-elected and the current term will not expire until June 30, 2020.

R. Use of Estimates

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

S. Subsequent Events

In preparing these financial statements, the Clerk of Court has evaluated events and transactions for potential recognition or disclosure through December 19, 2019, the date the financial statements were available to be issued.

Note 2 – Cash and Cash Equivalents and Investments

Cash and Cash Equivalents:

At June 30, 2019, the carrying amount of the Clerk of Court's Cash and Cash Equivalents totaled \$533,139, and the confirmed bank balances totaled \$801,399. Cash and Cash Equivalents are stated at cost, which approximates market.

	Governmental Activities	Fiduciary Activities	Total	Bank Balance
Demand deposits	\$ 251,684	\$ 77,438	\$ 329,122	\$ 597,382
Interest-bearing demand deposits	16,125	-	16,125	16,125
Money market savings	177,065	10,827	187,892	187,892
	<u>\$ 444,874</u>	<u>\$ 88,265</u>	<u>\$ 533,139</u>	<u>\$ 801,399</u>

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must always equal the amount on deposit with the

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in the name of the Clerk regardless of its designation by the financial institution in which it is deposited. As of June 30, 2019, none of the Clerk's bank balance of \$801,399 was exposed to custodial credit risk.

LAMP

At June 30, 2019, the Clerk had an investment of \$785,964 with the Louisiana Asset Management Pool (LAMP). 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 LA – 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 an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for 2a7 like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & 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.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- 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 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 99 days as of June 30, 2019.
- Foreign currency risk: Not applicable.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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 LAMP administrative office can be reached at 800-249-5267 for any questions.

Note 3 – Receivables

The net receivables, with the exception of inter-fund transactions, at June 30, 2019, are as follows:

Charges of Services	\$ 13,062
Due from Fiduciary Funds	<u>63,257</u>
	<u>\$ 76,319</u>

No allowances have been recorded as all receivables due at year-end are expected to be collected. The Clerk utilizes the direct write-off method for any receivables considered as bad debts.

Note 4 – Interfund Receivables/Payables

Summary of balances due from (to) other funds reported in the financial statements:

<u>June 30,</u>	<u>2019</u>
General Fund	
Due from Advance Deposit Fund	\$ 63,257
Advanced Deposit Fund	
Due to General Fund	(63,257)

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Note 5 – Changes in General Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 2019 is as follows:

	Beginning of Year	Additions	Reductions	End of Year
Office furniture and equipment	\$ 488,662	\$ -	\$ -	\$ 488,662
Less accumulated depreciation	(484,757)	(885)	-	(485,642)
	<u>\$ 3,905</u>	<u>\$ (885)</u>	<u>\$ -</u>	<u>\$ 3,020</u>

Note 6 – Long-Term Debt

The following is a summary of the Clerk's long-term debt transactions for the year ended June 30, 2019.

Type of Debt	Balance at June 30, 2018	Additions	Reductions	Balance at June 30, 2019
<i>Governmental Activities:</i>				
Other Post Employment Benefits	\$ 1,864,446	\$ 197,410	\$ -	\$ 2,061,856
Net Pension Liability	878,027	136,889	-	1,014,916
Total governmental long-term debt	<u>\$ 2,742,473</u>	<u>\$ 334,299</u>	<u>\$ -</u>	<u>\$ 3,076,772</u>

Note 7 – Pension Plans

The Clerk follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment to GASB 68* for its pension plan. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the Court to record its proportionate share of each of the pension plans net pension liability and report the following disclosures:

Plan Description:

Substantially all employees of the West Baton Rouge Parish Clerk of Court are members of the Louisiana Clerk of Court Retirement and Relief Fund ("the Fund"), a cost-sharing, multiple-

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

employer defined benefit pension plan administered by a separate board of trustees 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 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 hours and 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.

Benefits Provided:

Retirement Benefits

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years (age 60 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, equal 3% of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. The retirement benefit accrual rate is increased to 3½% 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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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).

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

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

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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.

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 his 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

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.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. The Clerk of Court's required contribution rate for the year ending June 30, 2019 was 19.00%. Employees were required to contribute 8.25% of their annual covered salary. In addition, the Louisiana Legislature passed R.S. 11:1562(C) which allows the Clerk of Court to pay out of

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

the Clerk's operating funds all or any portion of the employee required contributions which would otherwise be deducted from the employee's salary. Since December 1999 the Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerk of court Retirement and Relief Fund. The West Baton Rouge Parish Clerk of Court contributions to the Fund for the year ended June 30, 2019 were \$159,156 (normal employer portion \$111,111 and employee portion paid by Clerk \$48,045).

In accordance with state statute, the Fund 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 contributions recognized as revenue in the government-wide governmental activities statement of activities was \$66,932 for the year ended June 30, 2018.

Pension Liability, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At June 30, 2019, the West Baton Rouge Parish Clerk of Court reported a liability of \$1,014,916 for its proportionate share of the net pension liability of the Fund. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Clerk's proportion was .0610182% which was an increase of .02984% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Clerk recognized pension expense of \$286,547.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,935	\$ 10,026
Changes in assumptions	105,446	-
Net difference between projected and actual earnings on pension plan investments	19,373	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	98,517	-
Employer contributions subsequent to the measurement date	111,111	-
Total	<u>\$ 361,382</u>	<u>\$ 10,026</u>

\$111,111 reported as deferred outflows of resources related to pensions resulting from the Court's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 136,112
2021	111,147
2022	22,284
2023	43,109
	<u>\$ 312,652</u>

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75%, net of investment expense
Projected Salary Increases	5.00%
Inflation	2.50%
Mortality Rates	RP-2000 Employee Table (set back 4 years for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Healthy Annuant Table (set forward 1 year for males) and projected to 2030 using scale AA for males and females
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

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 7.10% as of June 30, 2018.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income:		
Core Fixed Income	5.0%	1.75%
Core Plus Fixed Income	15.0%	2.00%
Domestic Equity:		
Large Cap Domestic Equity	21.0%	4.50%
Non-Large Cap Domestic Equity	7.0%	4.75%
International Equity:		
Large Cap International Equity	14.0%	4.75%
Small Cap International Equity	6.5%	4.50%
Emerging Markets	6.5%	6.25%
Real Estate	10.00%	4.00%
Master Limited Partnerships	5.0%	6.00%
Hedge Funds	10.0%	3.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by 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.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk's proportionate share of the net pension liability calculated using the current discount rate, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate as of June 30, 2018:

	Changes in Discount Rate		
		Current	
	1% Decrease 5.75%	Discount 6.75%	1% Increase 7.75%
Net pension liability	\$ 1,551,581	\$ 1,014,916	\$ 570,068

Pension Plan Fiduciary Net Position

The Fund issued a stand-alone audit report on its financial statements for the year ended June 30, 2018. Access to the audit report can be found on the Fund's website: www.laclerksofcourt.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

Note 8 – Other Post Employment Benefits

General Information about the OPEB Plan

Plan descriptions: 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 provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 100% of retiree and 0% of dependent pre-Medicare health, Medicare Supplement, and dental insurance premiums. Vision is voluntary and paid 100% by the retiree. The plan also provides for payment of 100% of retiree life insurance premiums.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Employees covered by benefit terms: At January 1, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>12</u>
Total	<u><u>20</u></u>

Total OPEB Liability

The Clerk's total OPEB liability of \$2,061,856 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2018.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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:	3.00%
Discount Rate:	3.13%
Health Care Cost Trend Rates	
Medical	-4.76% in first year, then 6.75%, decreasing 0.25% to an ultimate rate of 5.0%.
Medicare Supplement	Initially 5.5%, decreasing 0.25% per year to an ultimate rate of 3.0%. Include 2% per year for aging.
Dental:	-0.69% for 2019, 3.25% for 2020, decreasing 0.25% per year to an ultimate rate of 3.0% for 2021 and later years.
Vision:	-9.98% for 2019, then 3.0% per year
Retirees' Share of Benefit-Related Costs:	
Medical:	0% for retirees and 100% for dependents.
Medicare Supplement:	0% for retirees and 100% for dependents.
Dental:	0% for retirees and 100% for dependents.
Vision:	100% for retirees and 100% for dependents.
Basic Life Insurance:	0%

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

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

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

The actuarial assumptions used in June 30, 2019 valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2018	\$ 1,864,446
Changes for the year:	
Service cost	32,862
Interest	58,131
Differences between expected and actual experience	(72,174)
Changes in assumptions/inputs	200,399
Change in benefit terms	58,369
Benefit payments	(80,177)
Administrative expense	-
Net Changes	\$ 197,410
Balance at 6/30/2019	\$ 2,061,856

Sensitivity of the total OPEB liability to changes in the discount rate: 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 a discount rate that is 1-percentage-point lower (2.31 percent) or 1-percentage-point higher (4.31 percent) than the current discount rate:

	1% Decrease (2.31%)	Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	\$ 2,395,882	\$ 2,061,856	\$ 1,803,833

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:

	1% Decrease	Trend Rate	1% Increase
Total OPEB Liability	\$ 1,821,828	\$ 2,061,856	\$ 2,383,259

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

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

For the year ended June 30, 2019, the Clerk recognized an OPEB expense of \$168,684. At June 30, 2019, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 70,384
Changes of assumptions or other inputs	166,999	-
Total	<u>\$ 166,999</u>	<u>\$ 70,384</u>

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

Year Ended June 30:	
2020	\$ 19,449
2021	19,449
2022	19,449
2023	19,449
2024	19,449
Thereafter	-

WEST BATON ROUGE PARISH CLERK OF COURT

Notes to Financial Statements, Continued

June 30, 2019

Note 9 – Intergovernmental Transactions

Intergovernmental revenues of the general fund for the year ended June 30, 2019, was as follows:

State supplement	\$ 22,092
La. Dept. of Elections	<u>7,688</u>
	<u>\$ 29,780</u>

Note 10 – On-Behalf Payments

Certain operating expenditures of the Clerk's office are paid by the West Baton Rouge Council. Additionally, the Council provides office space and certain furniture for the Clerk's use. These expenditures are not reported in the accompanying financial statements.

Note 11 – Leases

Operating Leases. There is a lease for mailing equipment and software as a service. Rental and maintenance paid during the year on this equipment totaled \$31,251.

Capital Leases. The Clerk has no capital leases.

The minimum future lease payments under operating leases are as follows:

2020	\$ 29,794
2021	<u>11,950</u>
	<u>\$ 41,744</u>

WEST BATON ROUGE PARISH CLERK OF COURT

*Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
General Fund*

Year Ended June 30, 2019

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Intergovernmental	\$ 21,000	\$ 21,000	\$ 29,780	\$ 8,780
Charges for services:				
Court cost and fees	654,400	654,400	815,333	160,933
Certified copies and data processing	77,000	77,000	72,308	(4,692)
Licenses	4,500	4,500	4,153	(347)
Recording fees	415,000	415,000	434,015	19,015
Grants	-	-	42,098	
Investment income	30,000	30,000	23,963	(6,037)
Other financing sources	-	-	21,750	21,750
Total revenues	1,201,900	1,201,900	1,443,400	199,402
EXPENDITURES				
Current				
General government				
Personal services and related benefits	993,306	993,306	981,067	12,239
Operating services	183,850	183,850	234,212	(50,362)
Capital outlay	15,000	15,000	1,680	13,320
Total expenditures	1,192,156	1,192,156	1,216,959	(24,803)
Excess (Deficiency) of Revenues Over Expenditures	\$ 9,744	\$ 9,744	226,441	\$ 224,205
Fund Balance				
Beginning			1,065,261	
Ending			\$ 1,291,702	

WEST BATON ROUGE PARISH CLERK OF COURT**Schedule of Changes in Net OPEB Liability and Related Ratios****Year Ended June 30, 2019**

	2018	2019
Total OPEB Liability		
Service cost	\$ 31,827	\$ 32,862
Interest	66,896	58,131
Changes of benefit terms	-	58,369
Differences between expected and actual experience	(13,451)	(72,174)
Changes of assumptions or other inputs	-	200,399
Benefit payments	(73,899)	(80,177)
Net Change in Total OPEB Liability	11,373	197,410
Total OPEB Liability - beginning	1,853,073	1,864,446
Total OPEB Liability - end	\$ 1,864,446	\$ 2,061,856
Covered Employee Payroll	\$ 547,719	\$ 565,520
Total OPEB Liability as a percentage of covered employee payroll	340.4%	364.6%

Notes to Schedule:*Changes of Benefit Terms:*

Effective January 1, 2019, life insurance benefits were changed from Plan C to Plan A.

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%

Mortality Rates

2018 RPH-2014 Employee and Healthy Annuity, Generational with MP-2018

2019 PubG.H-2010 Employee and Healthy Annuity, Generational with MP-2018

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

WEST BATON ROUGE PARISH CLERK OF COURT***Schedule of Employer's Proportionate Share of the Net Pension Liability******Year Ended June 30, 2019***

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered- Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2019	0.6102%	\$ 1,014,916	\$ 566,536	179.14%	79.07%
2018	0.5803%	\$ 878,027	\$ 523,554	167.71%	79.69%
2017	0.5600%	\$ 1,035,934	\$ 509,841	203.19%	74.17%
2016	0.5146%	\$ 771,967	\$ 503,718	153.25%	78.13%
2015	0.5339%	\$ 720,090	\$ 476,060	151.26%	79.37%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

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

WEST BATON ROUGE PARISH CLERK OF COURT***Schedule of Employer's Pension Contributions******Year Ended June 30, 2019***

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered' Employee Payroll
2019	\$ 111,111	\$ 111,111	\$ -	\$ 584,793	19.00%
2018	\$ 107,642	\$ 107,642	\$ -	\$ 566,536	19.00%
2017	\$ 99,475	\$ 99,475	\$ -	\$ 523,554	19.00%
2016	\$ 96,870	\$ 96,870	\$ -	\$ 509,841	19.00%
2015	\$ 95,706	\$ 95,706	\$ -	\$ 503,718	19.00%

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

WEST BATON ROUGE PARISH CLERK OF COURT*Schedule of Compensation, Benefits and Other**Year Ended June 30, 2019**Payments to Agency Head***Agency Head Name: Mark Graffeo****Purpose**

Salary	\$ 148,229
Benefits - retirement	40,392
Benefits - insurance	9,923
Deferred compensation	7,411
Car Allowance	9,600
Election expense	2,100
Registration fees	950
Lodging	789
Meals	130
	<u>\$ 219,524</u>

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

To the Honorable Mark Graffeo
West Baton Rouge Parish Clerk of Court
Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each fiduciary fund of the West Baton Rouge Parish Clerk of Court (Clerk of Court), a component unit of the West Baton Rouge Parish Council, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements, and have issued our report thereon dated December 19, 2019.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and responses*, that we consider to be material weaknesses. (2019-001 and 2019-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Baton Rouge Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompany *schedule of findings and responses* as item 2019-003.

West Baton Rouge Parish Clerk of Court's Response to Findings

The West Baton Rouge Parish Clerk of Court's response to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The West Baton Rouge Parish Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC

A handwritten signature in blue ink that reads "Provost, Salter, Harper & Alford, LLC". The signature is written in a cursive, flowing style.

December 19, 2019
Baton Rouge, Louisiana

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses

June 30, 2019

Section I – Internal Control Findings

Finding 2019-001

Material Weakness in Internal Control Over Financial Reporting-Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: The entity does not employ enough personnel to achieve an optimum level of segregation of duties.

Context: We observed inadequate segregation of duties by observing that the Clerk handles incoming checks, prepares the deposit slip, post receipts to customer accounts, receives, reconciles the monthly bank statements, prepares journal entries and the financial statements.

Potential Effect: Errors could occur which could affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause: The size of the entity and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

This is a repeat finding.

Recommendation: The resolution of this finding is not under the control of the Clerk of Court as it may not be cost effective, however management should monitor the assignment of duties to insure as much segregation of duties as possible.

View of Responsible Official: It is not cost effective to totally correct this weakness, but we do segregate duties as much as possible, and that the Clerk of Court is sufficiently involved with all aspects of the accounting function that errors or fraud perpetrated by other employees would be detected by the Clerk of Court in a timely manner.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Findings and Responses, Continued

June 30, 2019

Finding 2019-002

Material Weakness in Internal Control Over Financial Reporting-Preparation of Financial Statements

Criteria: The reporting entity should be able to prepare financial statements in accordance with GAAP without outside assistance.

Condition: The entity does not have controls in place to prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Potential Effect: Audit adjustments or disclosures required for the financial statements to be in conformity with GAAP may not be made or included.

Cause: The Clerk of Court does not obtain the necessary continuing education required to be knowledgeable of new standards nor does he subscribe to any service to ensure a current library necessary to prepare financial statements in accordance with GAAP.

Recommendation: The resolution of this finding is not under the control of the Clerk of Court as it may not be cost effective, however the Board and management should periodically evaluate the cost/benefit to obtain the necessary training and resources.

View of Responsible Official: The Clerk of Court's management is aware of this condition and believes the cost would be cost prohibitive. They believe the most cost-effective solution is to have their external auditor assist in preparing year-end financial statements in accordance with GAAP.

WEST BATON ROUGE PARISH CLERK OF COURT***Schedule of Findings and Responses, Continued******June 30, 2019*****Finding 2019-003****Noncompliance with Laws and Regulations-Noncompliance with R.S. 13:842**

Criteria: State Law R.S 13:842 requires that each suit's unused balance in the Clerk's Advance Deposit Fund be refunded to the person who made the original deposit after five years of inactivity.

Condition: The Clerk of Court has unused deposits for suits that have been inactive for five years or greater.

Context: During the prior year audit, we discovered that although the Clerk of Court had suits with unused balances in the Advance Deposit Fund that have been inactive for greater than five years, they had not been refunded to the person who made the original deposit. In the current year we observed that the Clerk has investigated inactive suits and has remitted a substantial amount of the suits to the proper depositor, but still has a balance of inactive suits greater than five years that have not been refunded to the person who made the original deposit.

Effect: The Clerk of Court may not be in compliance with state law.

Cause: Although the Clerk's office has controlled the monthly deposits and disbursements during the year ended June 30, 2019 and there are no changes in the difference between cash and the report of outstanding cash balances for the fund that occurred during the year, the Clerk of Court has investigated a substantial amount of the unused deposits and was unable to fully address all items as of the end of the year.

Recommendation: The Clerk of Court should research all inactive suits of five years or greater and refund these deposits to the individual who made the original deposit.

View of Responsible Official: The Clerk of Court has devoted considerable time and effort to address all refunds due on suits which have been inactive for a period of greater than five years. Procedures initiated in 2018 have allowed the Clerk of Court to timely refund suits which were newly reported in this fiscal year. Thirty-two suits with an aggregate balance of less than ten thousand dollars remain on the inactive list from previous years. These will be refunded by the end of the current fiscal year.

WEST BATON ROUGE PARISH CLERK OF COURT

Schedule of Prior Findings

June 30, 2019

RefNo.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding RefNo.
2018-001	2017	Inadequate segregation of duties	Unresolved	2019-001
2018-002	2017	Lack of controls to ensure financial statements are in conformity with GAAP	Unresolved	2019-002
2018-003	2018	Noncompliance with R.S. 13:842	Unresolved	2019-003
2018-004	2018	Failure to reconcile individual suit balances with corresponding unsettled deposits liability	Resolved	N/A

**INDEPENDENT
ACCOUNTANT'S REPORT
ON THE APPLICATION
OF AGREED-UPON PROCEDURES**

West Baton Rouge Parish Clerk of Court

June 30, 2019



8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mark Graffeo:
West Baton Rouge Parish Clerk of Court:

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

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

The procedures and associated findings are as follows:

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions

June 30, 2019

Written Policies and Procedures

Procedure 1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
- b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) ***Disbursements***, including processing, reviewing, and approving
- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Findings:

No exceptions noted.

Board

Procedure 2: Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Findings:

The Clerk of Court does not have a Board or Finance Committee, so this procedure does not apply.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Findings:

The Clerk of Court does not have a Board or Finance Committee, so this procedure does not apply.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Findings:

The Clerk of Court does not have a Board or Finance Committee, so this procedure does not apply.

Bank Reconciliations

Procedure 3: Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

We obtained a list of bank accounts from Clerk of Court Mark Graffeo.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged)

Findings:

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged)

Findings:

For one of the bank reconciliations selected for testing; management was unable to provide support of it being reviewed.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings:

No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Collections

Procedure 4: Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Cash is only collected at the Clerk of Court's office in Port Allen.

Procedure 5: For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Findings:

Employees that are responsible for cash collections share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Findings:

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Findings:

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

No exceptions noted.

Procedure 6: Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Findings:

No Exceptions noted.

Procedure 7: Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

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

Findings:

No exceptions noted.

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

Findings:

The deposit slip was unavailable for one of the transactions, and we were unable to trace.

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

Findings:

The deposit slip was unavailable for one of the transactions, and we were unable to trace.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

One of the deposits was made in two business days.

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

Findings:

No exceptions noted.

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

Procedure 8: Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

We obtained a listing of all cash disbursements from the general ledger.

Procedure 9: For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Findings:

No exceptions noted.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Findings:

No exceptions noted.

Procedure 10: For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

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

Procedure 11: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing of active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession.

Procedure 12: Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

The Clerk of Court has one active credit card. We selected it for testing.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

Procedure 13: Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Findings:

No exceptions noted.

Travel and Expense Reimbursement

Procedure 14: Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

We obtained a list of all reimbursements for travel and related expenses from the general ledger totaling \$965.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Findings:

Two reimbursements were unable to be supported.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Findings:

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Findings:

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

No exceptions noted.

Contracts

Procedure 15: Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Payroll and Personnel

Procedure 16: Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 17: Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 18: Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Procedure 19: Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Findings:

The Clerk of Court did not have any exceptions in the prior year in this category, therefore this procedure was excluded from testing.

Ethics

Procedure 20: Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Findings:

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Findings:

No exceptions noted.

Debt Service

Procedure 21: Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

Findings:

The Clerk of Court did not have any exceptions in year 1 in this category, therefore this procedure was excluded from testing.

Procedure 22: Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Findings:

The Clerk of Court did not have any exceptions in year 1 in this category, therefore this procedure was excluded from testing.

Other

Procedure 23: Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Findings:

The Clerk of Court did not have any exceptions in year 1 in this category, therefore this procedure was excluded from testing.

Procedure 24: Observe that the entity has posted on its premises¹⁶ and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

The Clerk of Court did not have any exceptions in year 1 in this category, therefore this procedure was excluded from testing.

West Baton Rouge Parish Clerk of Court

Summary of Findings and Exceptions, Continued

June 30, 2019

We were not engaged to perform, and did not conduct, an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of West Baton Rouge Parish Clerk of Court and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC



December 19, 2019

Baton Rouge, Louisiana



MARK J. GRAFFEO
Clerk of Court

EIGHTEENTH JUDICIAL DISTRICT COURT
PARISH OF WEST BATON ROUGE

P.O. BOX 107
PORT ALLEN, LA 70767
(225) 383-0378
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December 20, 2019

Provost, Salter, Harper & Alford LLC
8550 United Plaza Boulevard, Suite 600
Baton Rouge, LA. 70809

Sirs:

The response to your independent report on the application of agreed-upon-procedures of the West Baton Rouge Parish Clerk of Court's office for the fiscal year ending June 30, 2019 is as follows.

Procedure 3b. The bank reconciliation was not presented to the proper party for review. The Clerk of Court has taken steps to insure all bank statements are presented to the proper party and timely reviewed.

Procedure 5a. The Clerk of Court agrees with the finding, but staff size limitations do not permit the segregation of duties in this area.

Procedure 7b.
and

Procedure 7c. The findings relate to an account that had limited activity, three deposits, during the fiscal year. A receipt was obtained and placed in the record for each deposit. However, a copy of the deposit slip was not retained in the record. Copies of deposit slips will be made part of the record for all future deposits.

Procedure 7d. Deposits should be made within one business day of receipt. Occasionally this does not occur. We will continue our efforts to make daily deposits.

Procedure 12a. The reimbursements noted in the finding were for tips, totaling twenty dollars, at two out of town conferences. The Clerk of Court feels it is reasonable and customary to not receive a receipt in these instances. Policy will be implemented to address this issue while maintaining fairness to management and staff.

Sincerely,

Mark Graffeo
Clerk of Court