

EAST BATON ROUGE PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Doug Welborn
East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court (hereinafter "Clerk of Court"), a component unit of the Consolidated Government of City of Baton Rouge-Parish of East Baton Rouge, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Agency Fund

Due to the Clerk of Court's inability to reconcile the 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, 2017, 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, 2017. 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 of the matter described in the "Basis for Qualified Opinion on Agency Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency Fund of the Clerk of Court, as of June 30, 2017, and the changes in financial position thereof for the year then 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 respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information other than the Advanced Deposit Fund of the Clerk of Court, as of June 30, 2017, and the respective changes in 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 budgetary comparison schedule on page 38 and the schedule of funding progress, employer's share of net pension liability and employer contributions on pages 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Clerk of Court has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's basic financial statements. The other supplementary information on pages 44 through 52 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and comparative statements on pages 44, 46, 51, and 52 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combining and comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative information on the combining and comparative statements has been derived from the Clerk of Court's 2016 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they have been derived.

The budgetary comparison schedules on pages 47 through 49 have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017, on our consideration of the 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 Clerk of Court's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 21, 2017

BASIC FINANCIAL STATEMENTS

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Net Position
June 30, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 6,788,184
Receivables, net	<u>98,915</u>
Total current assets	6,887,099
Noncurrent assets:	
Capital assets, net	<u>238,618</u>
 TOTAL ASSETS	 <u>7,125,717</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>4,775,525</u>
LIABILITIES	
Current liabilities:	
Accounts payable	333,232
Accrued expenses	24,383
Accrued payroll liabilities	503,676
Accrued health insurance claims	497,509
Due to other governments	<u>184,920</u>
Total current liabilities	<u>1,543,720</u>
Noncurrent liabilities:	
Compensated absences	821,092
Net OPEB obligation	4,126,774
Net pension liability	<u>13,133,537</u>
Total noncurrent liabilities	<u>18,081,403</u>
 TOTAL LIABILITIES	 <u>19,625,123</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>1,420,948</u>
NET POSITION	
Net investment in capital assets	238,618
Unrestricted (deficit)	<u>(9,383,447)</u>
 TOTAL NET POSITION	 <u>\$ (9,144,829)</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Statement of Activities
For the Year Ended June 30, 2017

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	<u>\$ 14,857,533</u>	<u>\$ 14,658,433</u>	<u>\$ 356,923</u>	\$ 157,823
General revenues:				
Interest and investment earnings				197,895
Non-employer pension contribution				<u>744,683</u>
Total general revenues and transfers				942,578
Change in net position				1,100,401
Net position (deficit) - July 1, 2016				<u>(10,245,230)</u>
Net position (deficit) - June 30, 2017				<u>\$ (9,144,829)</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Balance Sheet - Governmental Fund
June 30, 2017

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 6,788,184
Accounts receivable, net of allowance for doubtful accounts of \$21,223	<u>98,915</u>
 Total assets	 <u>\$ 6,887,099</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 333,232
Accrued expenses	24,383
Accrued payroll liabilities	503,676
Accrued health insurance claims	497,509
Due to other governments	<u>184,920</u>
Total liabilities	<u>1,543,720</u>
 Fund balance:	
Unassigned	<u>5,343,379</u>
 Total liabilities and fund balance	 <u>\$ 6,887,099</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balance for the governmental fund at June 30, 2017		\$ 5,343,379
Cost of capital assets at June 30, 2017	\$ 7,831,122	
Less: Accumulated depreciation	<u>(7,592,504)</u>	238,618
The deferred outflows of contributions for the clerk employees' retirement system are not available resources and, therefore, are not reported in the funds.		4,775,525
Noncurrent liabilities at June 30, 2017:		
Compensated absences payable	(821,092)	
Net OPEB obligation payable	(4,126,774)	
Net pension payable	<u>(13,133,537)</u>	(18,081,403)
The deferred inflows of contributions for the clerk employees' retirement system are not payable from current expendable resources and, therefore, are not reported in the funds.		<u>(1,420,948)</u>
Net position (deficit) at June 30, 2017		\$ <u>(9,144,829)</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2017

	<u>General Fund</u>
Revenues:	
Fees, charges and commissions for services:	
Recordings	\$ 4,611,691
Uniform Commercial Code fees	210,168
Cancellations	676,470
Mortgage certificates	172,314
Court attendance	59,768
Court minute fees	162,610
Photocopies	1,243,564
Fines and forfeitures	382,887
Suits and successions	6,663,402
Other fees	401,360
Intergovernmental	356,924
Licenses	74,199
Interest revenue	<u>197,895</u>
Total revenues	<u>15,213,252</u>
 Expenditures:	
Current -	
Personnel services and related benefits	12,399,591
Materials and supplies	287,258
Operating services	1,233,821
Auto and travel	<u>33,689</u>
Total expenditures	<u>13,972,116</u>
Excess of revenues over expenditures	1,241,136
 Fund balance, beginning of year	 <u>4,102,243</u>
 Fund balance, end of year	 <u>\$ 5,343,379</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2017

Total net change in fund balance for the year ended June 30, 2017 per Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 1,241,136
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> <p>Capital outlay which is considered an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance</p>		
Depreciation expense for the year ended June 30, 2017	\$ 17,757	(43,010)
Depreciation expense for the year ended June 30, 2017	<u>(60,767)</u>	
Compensated absences at June 30, 2017 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure.		(146,748)
<p>Differences between the amount reported as expenses in the statement of activities and those reported as expenditures in the fund financial statements:</p>		
OPEB benefits	(100,374)	
Pension expense	<u>(595,286)</u>	(695,660)
Nonemployer's contributions to the clerk employees pension plan		<u>744,683</u>
Total change in net position for the year ended June 30, 2017 per Statement of Activities		<u>\$ 1,100,401</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana

Statement of Fiduciary Assets and Liabilities
June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 49,568,354
Interest-bearing deposits	18,122,194
Accounts receivable	<u>584,530</u>
 Total assets	 <u>\$ 68,275,078</u>
 LIABILITIES	
 Due to litigants and others	 <u>\$ 68,275,078</u>

The accompanying notes are an integral part of the basic financial statements.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the East Baton Rouge Parish Clerk of Court (Clerk of Court) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain 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 (Clerk) serves as the ex-officio notary public and the parish recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk is elected for a term of four years.

The Clerk is an independently elected official; however, the Clerk is fiscally dependent on the City of Baton Rouge/Parish of East Baton Rouge (City/Parish). The City/Parish maintains and operates the parish courthouse in which the Clerk's offices are located and provides funds for various expenditures of the Clerk's office. Because the Clerk is fiscally dependent on the City/Parish, the Clerk was determined to be a component unit of the City of Baton Rouge/Parish of East Baton Rouge, the financial reporting entity.

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

B. Basis of Statement Presentation

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

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Clerk of Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Clerk of Court is described below:

Governmental Fund -

General Fund

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Additionally, the Clerk of Court reports the following fund type:

Fiduciary Funds -

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the Clerk of Court. The funds accounted for in this category by the Clerk of Court are the agency funds. The agency funds are as follows:

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund – accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Bond Fund – accounts for bond deposits which have been ordered by the court to be held until judgment has been rendered in court litigation.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows, of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with professional standards.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and interest-bearing deposits

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Clerk has defined cash and cash equivalents to include cash on hand, demand deposits, and time deposits with original maturities of 90 days or less. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Clerk may deposit funds in demand deposits, interest-bearing demand deposits, or certificates of deposit with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Clerk's investment policy. If the original maturities of certificates of deposits exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include fees and charges paid by the recipients for goods or services offered by the programs.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. 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 capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Useful lives for furniture, equipment, and improvements range from five to ten years.

Compensated Absences

The Clerk accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

The Clerk has the following policy related to annual and sick leave:

Annual leave is determined by the number of years of service and accrues each pay period. Accrued annual leave is carried over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will be paid for accrued annual leave not to exceed 280 hours.

Regardless of the number of years of service, sick leave amounts to twelve days per year and accumulates each pay period. Sick leave carries over from year to year, with no limit on the amount that may be accumulated. Upon termination of employment for any cause, an employee will not be paid for any accumulated sick leave.

At June 30, 2017, employees of the Clerk had accumulated and vested \$821,092 of annual leave benefits, which was computed in accordance with professional standards.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Clerk of Court's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two above components and is available for general use by the Clerk of Court.

In the fund financial statements, governmental fund equity is classified as fund balance. As such fund balance of the governmental fund is classified as follows:

- a. 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.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Clerk of Court, which is the highest level of decision-making authority for the Clerk of Court.

EAST BATON ROUGE PARISH CLERK OF COURT
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Notes to the Basic Financial Statements (Continued)

- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Clerk of Court’s adopted policy only the Clerk of Court may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

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

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund’s fund balance that exceeds one-half of the revenues of the clerk’s last year of his term of office. This payment is limited to no more than that which was received by the clerk in accordance with R.S. 13:784(A) during said term of office. At June 30, 2017, there was no amount due to the parish treasurer because the General Fund’s fund balance at June 30, 2017 did not exceed one-half of the revenues of the General Fund for the last year of the clerk’s four-year term of office.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character and Function

F. Bad Debts

Bad debts are charged to operations during the year in which the account is deemed uncollectible. If the reserve method of accounting for uncollectible accounts had been used, it would not have had a material effect on the financial statements.

EAST BATON ROUGE PARISH CLERK OF COURT
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Notes to the Basic Financial Statements (Continued)

G. 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.

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2017, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$74,478,732 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 2,930	\$ 49,568,354	\$ 49,571,284
Time and money market deposits	6,785,254	18,122,194	24,907,448
Total	\$ 6,788,184	\$ 67,690,548	\$ 74,478,732

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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 following is a summary of deposit balances (bank balances) at June 30, 2017, and the related federal insurance and pledged securities:

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Notes to the Basic Financial Statements (Continued)

Bank balances	<u>\$ 67,878,788</u>
Federal insurance	\$ 22,872,194
Pledged securities	<u>45,006,594</u>
Total federal insurance and pledged securities	<u>\$ 67,878,788</u>

Deposits in the amount of \$45,006,594 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Clerk of Court's name. The Clerk of Court does not have a formal written policy for custodial credit risk.

(3) Accounts Receivable

Accounts receivable at June 30, 2017 consisted of the following:

General Fund:	
Trade accounts	\$ 47,720
Miscellaneous	43,449
NSF checks	<u>7,746</u>
Total	<u>\$ 98,915</u>

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 is as follows:

	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
Furniture, equipment, and improvements	\$7,942,800	\$ 17,757	\$ 129,435	\$7,831,122
Less: Accumulated depreciation	<u>7,661,172</u>	<u>60,767</u>	<u>129,435</u>	<u>7,592,504</u>
Net capital assets	<u>\$ 281,628</u>	<u>\$ (43,010)</u>	<u>\$ -</u>	<u>\$ 238,618</u>

Depreciation expense of \$60,767 was charged to the general government function in the Statement of Activities.

EAST BATON ROUGE PARISH CLERK OF COURT
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Notes to the Basic Financial Statements (Continued)

(5) Payables and Due to Other Governments

Amounts payable and due to other governments at June 30, 2017 consisted of the following:

Accounts payable:	
Trade payables	\$ 146,080
Escrow accounts	<u>187,152</u>
Total accounts payable	<u>\$ 333,232</u>
Due to other governments:	
Due to 19th Judicial District Court	
Judicial Expense Building Fund	<u>\$ 184,920</u>

(6) Changes in Compensated Absences

The following is a summary of compensated absences transactions of the Clerk of Court for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Governmental activities:				
Compensated absences	<u>\$ 674,344</u>	<u>\$ 146,748</u>	<u>\$ -</u>	<u>\$ 821,092</u>

(7) Post-Retirement Health Care and Life Insurance Benefits (OPEB)

The Clerk maintains a self-funded medical and dental plan covering current and retired employees and their dependents. Retirees are also eligible to continue life insurance benefits with a reduced benefit amount. To be eligible to continue coverage, retired employees must be eligible for retirement under the Clerks' of Court Retirement & Relief Fund and must be actively employed at the time of retirement.

All full-time employees of the Clerk may, at their option, participate in the employees' group life, health, and dental insurance programs sponsored by the East Baton Rouge Parish Clerk of Court and administered by outside third-party insurance providers or administrative agents. Both employee/retiree premiums and the employer contribution toward the premiums are set each year by the Clerk.

Plan description: The Clerk's OPEB Plan is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members. The Plan does not issue a publicly available report.

EAST BATON ROUGE PARISH CLERK OF COURT
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Notes to the Basic Financial Statements (Continued)

Retirees may continue coverage in accordance with current policies of the Clerk's office. Based on current practices, upon retirement, a totally vested employee may continue their coverage by paying the premiums determined in accordance with current policies.

Funding Policy: The contribution requirements of the employees/retirees and the Clerk are established in the annual operating budget and may be amended. The contributions are based on projected pay-as-you-go financing. The employer contribution to the OPEB plan for 2017 totaled \$1,328,057. Plan members receiving benefits contributed approximately 70% of the total premiums.

Annual OPEB Cost: The Clerk's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the July 1, 2016, actuarial valuations performed by an outside actuary consultant.

The following table shows the components of the Clerk's annual OPEB cost for the year and the amount actually contributed to the plan during the year.

Annual required contribution (ARC)	\$ 1,431,357
Interest on net OPEB obligation	140,924
Adjustment to ARC	<u>(143,850)</u>
Annual OPEB cost (expense)	1,428,431
Less: contributions made	<u>(1,328,057)</u>
Increase in net OPEB obligation	100,374
Net OPEB obligation-beginning of year	<u>4,026,400</u>
Net OPEB obligation-end of year	<u><u>\$ 4,126,774</u></u>

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016, and 2015 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost	Net OPEB Obligation
6/30/2015	\$1,049,923	68.80%	\$ 3,802,430
6/30/2016	\$1,428,594	84.30%	\$ 4,026,400
6/30/2017	\$1,428,431	93.00%	\$ 4,126,774

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Notes to the Basic Financial Statements (Continued)

Funding Status and Funding Progress: As of July 1, 2016, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability (AAL) for benefits was \$27,015,739 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Clerk are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Entry-Age Normal Actuarial Cost Method was used for July 1, 2016, actuarial valuation. Because the Clerk currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included 3.5% investment rate of return, compounded annually. Life expectancies were based on the 1994 Uninsured Pensioner Mortality Table (1-year setback for both males and females). Turnover rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan valuations, adjusted to be consistent with recent Clerk experience. Retirement rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan retirement tables, adjusted to be consistent with recent Clerk retirements.

Both historical retiree claim costs and year 2012 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. In addition to a general inflation rate of 3.00%, the plan assumed a medical inflation rate of 9% beginning in 2014, decreasing .5% per year through 2022 and leveling off at 5%. The actuarial valuation also assumes that (1) 75% of future eligible employees are assumed to participate in the medical and dental plans at retirement; (2) 100% of future eligible employees are assumed to participate in life insurance benefits (2) female spouses are assumed to be two years younger than males; (3) 25% of employees married at retirement will elect spousal coverage; (4) 0% of employees will have dependent children at retirement; (5) 100% of employees will elect Medicare coverage when they are first eligible.

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 3% per annum.

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Notes to the Basic Financial Statements (Continued)

(8) Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund, and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the systems. 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.

Plan Description: Substantially all employees of the Clerk of Court, except part-time and temporary employees, are members of the Louisiana Clerks' of Court Retirement and Relief Fund (System), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System that may be accessed on their website as follows:

LACRF - <http://www.laclerksofcourt.org>

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

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Notes to the Basic Financial Statements (Continued)

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Disability Benefits:

Effective through June 30, 2008, a member who has been officially certified as totally and permanently disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

- a. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
- b. A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008.

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

- a. The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- b. The member has at least ten years of service credit.

A member who has been certified as totally and permanently disabled will be paid monthly disability retirement benefits equal to the greater of:

- a. Forty percent of their monthly average final compensation.
- b. Seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

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Notes to the Basic Financial Statements (Continued)

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Survivor Benefits:

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, automatic Option 2 benefits are payable to the surviving spouse. 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 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 1/2 of the member's accrued retirement benefit in equal shares. 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 thirty-six months and defer the receipt of benefits. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. 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 Deferred Retirement Option Plan 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 Fund. 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. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on 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.

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Notes to the Basic Financial Statements (Continued)

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

In lieu of granting a cost of living increase as described above, 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.

In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2016, the actual employer contribution rate was 19%.

In accordance with state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Schedule of Employer Allocations:

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required employer contributions are used to determine the proportionate relationship of each employer to all employers of Louisiana Clerks' of Court Retirement and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contributions to the Fund during the fiscal year ended June 30, 2015 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2015.

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Notes to the Basic Financial Statements (Continued)

The best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2016 is summarized in the following table:

<u>Asset Class</u>	<u>LACRF*</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.00%
Core plus fixed income	15.00%	1.50%
Domestic Equity:		
Large cap domestic equity	21.00%	4.25%
Non-large cap domestic equity	7.00%	4.00%
International Equity:		
Large cap international equity	15.50%	5.25%
Small cap international equity	5.00%	5.00%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.75%
Master Limited Partnerships	5.00%	6.50%
Hedge Funds	10.00%	3.50%
Total	<u>100.00%</u>	

*Arithmetic real rates of return

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2017, the Clerk reported a liability of \$13,133,537 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the Clerk's proportion was 7.099309%, which was a decrease of .657638% from its proportion measured as of June 30, 2015.

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Notes to the Basic Financial Statements (Continued)

For the year ended June 30, 2017, the Clerk recognized pension expense of \$1,812,800 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,101. At June 30, 2017, 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
Difference between expected and actual experience	\$ -	\$ 447,037
Change of assumptions	3,556,965	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	1,046	973,911
Net differences between projected and actual earnings on plan investments	-	-
Contributions subsequent to the measurement date	1,217,514	-
Total	\$ 4,775,525	\$ 1,420,948

Deferred outflows of resources of \$1,217,514 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2018	\$ 494,344
2019	494,344
2020	713,817
2021	434,558
Total	\$ 2,137,063

Schedule of Pension Amounts by Employer:

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

Actuarial Methods and Assumptions:

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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Notes to the Basic Financial Statements (Continued)

Salary Increases (merit only)	5.00%
Investment rate of return	7.00%
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 for females) RP-2000 Healthy Annuitant Table (set back 1 year for males)
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and included 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 substantially automatic.

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2004 through June 30, 2009. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at 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.

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Notes to the Basic Financial Statements (Continued)

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability	\$ 18,688,779	\$ 13,133,537	\$ 8,418,253

Contributions – Proportionate Share:

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

(9) Risk Management

The Clerk is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Clerk carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Workmens' compensation coverage is maintained by paying premiums to a commercial insurance carrier. The premium is based upon accident history and administrative costs.

The Clerk provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$125,000 per insured per year. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal year ended June 30, 2017 .

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The claims liabilities of \$497,509 reported at June 30, 2017, is based on the requirement of Government Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

As required by GASB 10, a reconciliation of the unpaid claims liability is shown below:

Unpaid claims and claim adjustment expenses at beginning of year	<u>\$ 421,931</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	3,429,116
Increase (decrease) in provision for insured events of prior fiscal years	<u>161,152</u>
Total incurred claims and claim adjustment expenses	<u>3,590,268</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	2,931,607
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>583,083</u>
Total payments	<u>3,514,690</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 497,509</u>

(10) Changes in Fiduciary Fund Unsettled Deposits

A summary of changes in agency fund unsettled deposits follows:

	<u>Unsettled Deposits at July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Unsettled Deposits at June 30, 2017</u>
Advance Deposit Fund	\$35,807,822	\$ 17,313,113	\$15,989,501	\$ 37,131,434
Registry of Court Fund	20,662,913	14,774,408	7,886,373	27,550,948
Bond Fund	<u>5,591,815</u>	<u>325</u>	<u>1,999,444</u>	<u>3,592,696</u>
Totals	<u>\$62,062,550</u>	<u>\$ 32,087,846</u>	<u>\$25,875,318</u>	<u>\$ 68,275,078</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(11) Deferred Compensation Plan

The Clerk adopted two Internal Revenue Code Section 457 deferred compensation plans, one in November 1993 and the other in September 1997. The plans, available to all Clerk employees, permit them to defer a portion of their salary until future periods. Participation in the plan is optional. Effective with the first payroll in 2005, the Clerk has offered a match up to 6% of employee contributions. To be eligible for the matching contribution, eligible employees must be full-time staff with benefits who are vested in the Louisiana Clerks of Court Retirement and Relief Fund. The Clerk's contributions for the year ending June 30, 2017 was \$137,935.

Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70807-9397.

(12) Expenses of the Clerk Paid by the City-Parish

Certain operating expenditures of the Clerk's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements. The City Parish government paid juror and witness fees expenditures of \$364,600 for the year ending June 30, 2017.

(13) Leases

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2017, the Clerk of Court had no capital leases in effect.

The Clerk of Court has entered into various operating leases for machinery, vehicles, office space and warehouse space on various dates. The lease terms range from month to month and from one year to thirty-six months. These leases require a total monthly payments that range from \$21,316 to \$23,854. Total rent expense under these leases for the year ended June 30, 2017 is \$264,280.

Future minimum lease payments are as follows:

<u>Year ending June 30,</u>	
2017	\$ 227,987
2018	227,987
2019	<u>227,987</u>
Total	<u>\$ 683,961</u>

The above schedule excludes lease payments made on a month to month agreement.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(14) Litigation

The Clerk is involved in several legal actions, which arose during the ordinary course of business. In the opinion of the Clerk's legal counsel, the only exposure to the Clerk of Court would be any costs in defense of the lawsuits with no liability in excess of insurance coverage.

(15) Compensation, Benefits, and Other Payments to Agency Head

Salary	\$ 187,899
Benefits - insurance	1,384
Benefits - retirement	24,992
Vehicle provided by government	498
Vehicle Allowance	21,235
Per diem	140
Conference travel	338
Continuing professional education fees	<u>1,275</u>
Total	<u>\$ 237,761</u>

(16) Louisiana Legislative Auditor Advisory Services Report

The Louisiana Legislative Auditor issued an Advisory Services Report in March 2017, which discloses some of the Clerk's internal control deficiencies. However, none of the deficiencies rose to the level of internal control findings. The report can be located at:

[https://app.la.state.la.us/PublicReports.nsf/490C37053608013B862580DC0068FCFC/\\$FILE/00012AA7.pdf](https://app.la.state.la.us/PublicReports.nsf/490C37053608013B862580DC0068FCFC/$FILE/00012AA7.pdf)

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fees, charges and commissions for services:				
Recordings	\$ 3,700,000	\$ 3,700,000	\$ 4,611,691	\$ 911,691
Uniform Commercial Code fees	245,000	245,000	210,168	(34,832)
Cancellations	500,000	500,000	676,470	176,470
Mortgage certificates	150,000	150,000	172,314	22,314
Court attendance	60,000	60,000	59,768	(232)
Court minute fees	280,000	280,000	162,610	(117,390)
Photocopies	1,145,000	1,145,000	1,243,564	98,564
Fines and forfeitures	425,000	425,000	382,887	(42,113)
Suits and successions	6,525,000	6,525,000	6,663,402	138,402
Other fees	509,000	509,000	401,360	(107,640)
Intergovernmental	375,000	375,000	356,924	(18,076)
Licenses	75,000	75,000	74,199	(801)
Interest revenue	75,000	75,000	197,895	122,895
Total revenues	<u>14,064,000</u>	<u>14,064,000</u>	<u>15,213,252</u>	<u>1,149,252</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	11,785,300	11,785,300	12,399,591	(614,291)
Materials and supplies	283,000	283,000	287,258	(4,258)
Operating services	1,215,000	1,215,000	1,233,821	(18,821)
Auto and travel	60,000	60,000	33,689	26,311
Capital outlay	65,000	65,000	17,757	47,243
Total expenditures	<u>13,408,300</u>	<u>13,408,300</u>	<u>13,972,116</u>	<u>(563,816)</u>
Excess of revenues over expenditures	655,700	655,700	1,241,136	585,436
Fund balance, beginning of year	<u>4,102,243</u>	<u>4,102,243</u>	<u>4,102,243</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,757,943</u>	<u>\$ 4,757,943</u>	<u>\$ 5,343,379</u>	<u>\$ 585,436</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ -	\$ 11,915,861	\$ 11,915,861	0.00%	\$ 6,209,905	191.90%
July 1, 2012	\$ -	\$ 16,658,478	\$ 16,658,478	0.00%	\$ 6,701,617	248.60%
July 1, 2014	\$ -	\$ 20,909,374	\$ 20,909,374	0.00%	\$ 7,690,837	271.87%
July 1, 2016	\$ -	\$ 27,015,739	\$ 27,015,739	0.00%	\$ 6,700,297	403.20%

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Louisiana Clerks' of Court Retirement and Relief Fund
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2017*

Year ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer 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 Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	7.968925%	\$ 10,748,977	\$6,214,037	173.0%	79.37%
2016	7.756947%	\$ 11,635,665	\$7,016,215	165.8%	78.13%
2017	7.099309%	\$ 13,133,537	\$6,480,345	202.7%	74.17%

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

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Louisiana Clerks' of Court Retirement and Relief Fund
Schedule of Employer Contributions
For the Year Ended June 30, 2017

Year ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 1,333,081	\$ 1,333,081	\$ -	\$7,016,215	19.00%
2016	\$ 1,231,266	\$ 1,231,266	\$ -	\$6,480,345	19.00%
2017	\$ 1,217,514	\$ 1,217,514	\$ -	\$6,407,966	19.00%

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

(1) Budgets and Budgetary Accounting

The Clerk of Court follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- b. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- e. All budgetary appropriations lapse at the end of each fiscal year.
- f. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are a originally adopted or as finally amended by the Clerk of Court. Such amendments were not material in relation to the original appropriations.

(2) Pension Plans

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized on pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. These assumptions include the rate of investment return, mortality of plan members, rate of salary increases, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

(3) Excess Expenditures Over Appropriations

For the year ended June 30, 2017, the General Fund had actual expenditures over appropriations as follows:

	Final Budget	Actual	Excess
General government:			
Personnel services and related benefits	\$11,785,300	\$ 12,399,591	\$(614,291)
Materials and supplies	283,000	287,258	(4,258)
Operating Services	1,215,000	1,233,821	(18,821)

**OTHER
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Comparative Statement of Net Position
June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 6,788,184	\$ 5,304,310
Receivables	98,915	88,431
Total current assets	6,887,099	5,392,741
Noncurrent assets:		
Capital assets, net	238,618	281,628
Total assets	7,125,717	5,674,369
DEFERRED OUTFLOWS OF RESOURCES	4,775,525	3,009,167
LIABILITIES		
Current liabilities:		
Accounts payable	333,232	246,199
Accrued expenses	24,383	22,511
Accrued payroll liabilities	503,676	411,787
Accrued health insurance claims	497,509	421,931
Due to other governments	184,920	188,070
Total current liabilities	1,543,720	1,290,498
Noncurrent liabilities:		
Compensated absences payable	821,092	674,344
Net OPEB obligation	4,126,774	4,026,400
Net pension liability	13,133,537	11,635,664
Total noncurrent liabilities	18,081,403	16,336,408
Total liabilities	19,625,123	17,626,906
DEFERRED INFLOWS OF RESOURCES	1,420,948	1,301,860
NET POSITION		
Net investment in capital assets	238,618	281,628
Unrestricted net position (deficit)	(9,383,447)	(10,526,858)
Total net position	\$ (9,144,829)	\$ (10,245,230)

GENERAL FUND

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

EAST BATON ROUGE PARISH CLERK OF COURT
 Baton Rouge, Louisiana
 General Fund

Comparative Balance Sheet
 June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash and interest-bearing deposits	\$ 6,788,184	\$ 5,304,310
Accounts receivable, net allowance for doubtful accounts of \$21,223	98,915	88,431
Total assets	\$ 6,887,099	\$ 5,392,741
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 333,232	\$ 246,199
Accrued expenses	24,383	22,511
Accrued payroll liabilities	503,676	411,787
Accrued health insurance claims	497,509	421,931
Due to other governments	184,920	188,070
Total liabilities	1,543,720	1,290,498
Fund balance:		
Unassigned	5,343,379	4,102,243
Total liabilities and fund balance	\$ 6,887,099	\$ 5,392,741

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule -
Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			Variance with Final Budget Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Fees, charges and commissions for services:					
Recordings	\$ 3,700,000	\$ 3,700,000	\$ 4,611,691	\$ 911,691	\$ 3,790,842
Uniform Commercial Code fees	245,000	245,000	210,168	(34,832)	250,025
Cancellations	500,000	500,000	676,470	176,470	499,575
Mortgage certificates	150,000	150,000	172,314	22,314	31,265
Court attendance	60,000	60,000	59,768	(232)	58,027
Court minute fees	280,000	280,000	162,610	(117,390)	267,771
Photocopies	1,145,000	1,145,000	1,243,564	98,564	1,155,990
Fines and forfeitures	425,000	425,000	382,887	(42,113)	553,631
Suits and successions	6,525,000	6,525,000	6,663,402	138,402	6,661,047
Other fees	509,000	509,000	401,360	(107,640)	367,975
Intergovernmental	375,000	375,000	356,924	(18,076)	354,470
Licenses	75,000	75,000	74,199	(801)	78,316
Interest revenue	75,000	75,000	197,895	122,895	109,099
Total revenues	<u>14,064,000</u>	<u>14,064,000</u>	<u>15,213,252</u>	<u>1,149,252</u>	<u>14,178,033</u>
Expenditures:					
Current -					
General government:					
Personnel services and related benefits	11,785,300	11,785,300	12,399,591	(614,291)	11,998,413
Materials and supplies	283,000	283,000	287,258	(4,258)	243,151
Operating services	1,215,000	1,215,000	1,233,821	(18,821)	1,306,914
Auto and travel	60,000	60,000	33,689	26,311	15,434
Capital outlay	65,000	65,000	17,757	47,243	-
Total expenditures	<u>13,408,300</u>	<u>13,408,300</u>	<u>13,972,116</u>	<u>(563,816)</u>	<u>13,563,912</u>
Excess of revenues over expenditures	655,700	655,700	1,241,136	585,436	614,121
Fund balance, beginning of year	<u>4,102,243</u>	<u>4,102,243</u>	<u>4,102,243</u>	<u>-</u>	<u>3,488,122</u>
Fund balance, end of year	<u>\$ 4,757,943</u>	<u>\$ 4,757,943</u>	<u>\$ 5,343,379</u>	<u>\$ 585,436</u>	<u>\$ 4,102,243</u>

EAST BATON ROUGE CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017			Variance - Positive (Negative)	2016 Actual
	Budget		Actual		
	Original	Final			
Fees, charges, and commissions for services:					
Recordings	\$ 3,700,000	\$ 3,700,000	\$ 4,611,691	\$ 911,691	\$ 3,790,842
Uniform Commercial Code fees	245,000	245,000	210,168	(34,832)	250,025
Cancellations	500,000	500,000	676,470	176,470	499,575
Mortgage certificates	150,000	150,000	172,314	22,314	31,265
Court attendance	60,000	60,000	59,768	(232)	58,027
Court minute fees	280,000	280,000	162,610	(117,390)	267,771
Photocopies	1,145,000	1,145,000	1,243,564	98,564	1,155,990
Fines and forfeitures	425,000	425,000	382,887	(42,113)	553,631
Suits and successions	6,525,000	6,525,000	6,663,402	138,402	6,661,047
Other fees:					
Passports	140,000	140,000	125,214	(14,786)	144,441
Extract of court minutes	-	-	25,540	25,540	24,490
Credit card fees	-	-	55,131	55,131	40,578
Portal fees	145,000	145,000	176,513	31,513	147,577
Miscellaneous	224,000	224,000	18,962	(205,038)	10,889
Total fees, charges, and commissions for services	<u>13,539,000</u>	<u>13,539,000</u>	<u>14,584,234</u>	<u>1,045,234</u>	<u>13,636,148</u>
Intergovernmental:					
Reimbursed election expenses	125,000	125,000	135,056	10,056	145,016
City/Parish budget allocation	<u>250,000</u>	<u>250,000</u>	<u>221,868</u>	<u>(28,132)</u>	<u>209,454</u>
Total intergovernmental	<u>375,000</u>	<u>375,000</u>	<u>356,924</u>	<u>(18,076)</u>	<u>354,470</u>
Licenses	<u>75,000</u>	<u>75,000</u>	<u>74,199</u>	<u>(801)</u>	<u>78,316</u>
Interest revenue	<u>75,000</u>	<u>75,000</u>	<u>197,895</u>	<u>122,895</u>	<u>109,099</u>
Total revenues	<u>\$ 14,064,000</u>	<u>\$ 14,064,000</u>	<u>\$ 15,213,252</u>	<u>\$ 1,149,252</u>	<u>\$ 14,178,033</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2017
With Comparative Actual Amounts for the Year Ended June 30, 2016

	2017		Actual	Variance - Positive (Negative)	2016 Actual
	Budget				
	Original	Final			
Expenditures:					
Current -					
Personnel services and related benefits:					
Salaries	\$ 6,625,000	\$ 6,625,000	\$ 6,919,702	\$ (294,702)	\$ 7,071,385
Clerk's expense allowance	12,000	12,000	15,799	(3,799)	15,354
Clerk's supplemental fund	50,000	50,000	49,800	200	49,800
Payroll taxes	115,000	115,000	108,657	6,343	111,282
Retirement	1,704,000	1,704,000	1,709,679	(5,679)	1,730,603
Group insurance	3,250,000	3,250,000	3,538,218	(288,218)	3,009,318
Worker's compensation	25,000	25,000	35,517	(10,517)	-
Unemployment	4,300	4,300	22,219	(17,919)	10,671
Total personnel services and related benefits	<u>11,785,300</u>	<u>11,785,300</u>	<u>12,399,591</u>	<u>(614,291)</u>	<u>11,998,413</u>
Materials and supplies:					
Printing and binding	40,000	40,000	92,342	(52,342)	43,009
Judges' supplies	92,000	92,000	63,474	28,526	85,896
Computer expenses	41,000	41,000	21,478	19,522	18,419
Office supplies	95,000	95,000	98,164	(3,164)	84,440
Repairs and maintenance	15,000	15,000	11,800	3,200	11,387
Total materials and supplies	<u>283,000</u>	<u>283,000</u>	<u>287,258</u>	<u>(4,258)</u>	<u>243,151</u>
Operating services:					
Accounting	100,000	100,000	120,190	(20,190)	126,569
Advertising	1,000	1,000	106	894	130
Archives and record retention	107,000	107,000	102,075	4,925	102,628
Computer software and services	360,000	360,000	326,842	33,158	302,019
Insurance	65,000	65,000	60,106	4,894	84,924
Legal	120,000	120,000	109,101	10,899	106,462
Postage	160,000	160,000	133,754	26,246	172,497
Telephone	55,000	55,000	59,651	(4,651)	50,148
Equipment rental and leases	54,000	54,000	40,659	13,341	56,719
Judicial expense fund	3,000	3,000	8,203	(5,203)	26,279
Credit card fees	-	-	54,872	(54,872)	41,104
Office rent	11,000	11,000	131,700	(120,700)	123,005
Miscellaneous	179,000	179,000	86,562	92,438	114,430
Total operating services	<u>1,215,000</u>	<u>1,215,000</u>	<u>1,233,821</u>	<u>(18,821)</u>	<u>1,306,914</u>
Auto and travel	60,000	60,000	33,689	26,311	15,434
Capital outlay -					
Computer equipment	65,000	65,000	17,757	47,243	-
Total expenditures	<u>\$ 13,408,300</u>	<u>\$ 13,408,300</u>	<u>\$ 13,972,116</u>	<u>\$ (563,816)</u>	<u>\$ 13,563,912</u>

FIDUCIARY FUNDS

Advance Deposit Fund -

The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Registry of Court Fund -

The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon specific court order.

Bond Fund -

The Bond Fund is used to account for bond deposits on suits filed by litigants which have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawals of the funds can be made only upon specific court order.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
Fiduciary Funds

Combining Statement of Fiduciary Assets and Liabilities
June 30, 2017
With Comparative Totals for June 30, 2016

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2017	2016
ASSETS					
Cash	\$ 18,446,904	\$ 27,533,939	\$ 3,587,511	\$ 49,568,354	\$ 43,360,478
Interest-bearing deposits	18,100,000	17,009	5,185	18,122,194	18,122,186
Accounts receivable	<u>584,530</u>	<u>-</u>	<u>-</u>	<u>584,530</u>	<u>579,886</u>
Total assets	<u>\$ 37,131,434</u>	<u>\$ 27,550,948</u>	<u>\$ 3,592,696</u>	<u>\$ 68,275,078</u>	<u>\$ 62,062,550</u>
LIABILITIES					
Due to taxing bodies and others	<u>\$ 37,131,434</u>	<u>\$ 27,550,948</u>	<u>\$ 3,592,696</u>	<u>\$ 68,275,078</u>	<u>\$ 62,062,550</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
Fiduciary Funds

Combining Statement of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2017
With Comparative Totals For the Year Ended June 30, 2016

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2017	2016
Balances, beginning of year	\$ 35,807,822	\$ 20,662,913	\$ 5,591,815	\$ 62,062,550	\$ 51,981,764
Additions:					
Suits and successions	17,313,113	-	-	17,313,113	17,325,584
Judgments	-	14,746,853	900	14,747,753	18,848,548
Interest earned	-	22,136	4,643	26,779	18,725
Total additions	<u>17,313,113</u>	<u>14,768,989</u>	<u>5,543</u>	<u>32,087,645</u>	<u>36,192,857</u>
Reductions:					
Clerk's costs (transferred to General Fund)	6,826,012	-	-	6,826,012	6,928,818
Settlements to litigants	-	7,880,954	2,004,662	9,885,616	9,466,370
Refunds	2,203,405	-	-	2,203,405	3,028,765
Sheriff's fees	1,102,828	-	-	1,102,828	1,090,621
Judicial expense fund	4,845,774	-	-	4,845,774	4,612,800
Adjustment to accounts receivable	(1,942)	-	-	(1,942)	(59,573)
Other reductions	<u>1,013,424</u>	<u>-</u>	<u>-</u>	<u>1,013,424</u>	<u>1,044,270</u>
Total reductions	<u>15,989,501</u>	<u>7,880,954</u>	<u>2,004,662</u>	<u>25,875,117</u>	<u>26,112,071</u>
Balances, end of year	<u>\$ 37,131,434</u>	<u>\$ 27,550,948</u>	<u>\$ 3,592,696</u>	<u>\$ 68,275,078</u>	<u>\$ 62,062,550</u>

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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

The Honorable Doug Welborn
East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Baton Rouge Parish 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Clerk of Court's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 2017-001 (IC) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

The East Baton Rouge Parish Clerk of Court's response to the finding identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The East 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. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
December 21, 2017

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Completion Date</u>
CURRENT YEAR (6/30/17) --						
<u>Internal Control:</u>						
2017-001 (IC)	6/30/1980	The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advanced Deposit Fund with the corresponding unsettled deposits liability.	No	The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2017. No differences in the disbursements from the fund or deposits to the fund occurred during the year.	Doug Welborn, Clerk of Court	N/A
PRIOR YEAR (6/30/16) --						
<u>Internal Control:</u>						
2016-001 (IC)	6/30/1980	The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advanced Deposit Fund with the corresponding unsettled deposits liability.	No	The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2016. No differences in the disbursements from the fund or deposits to the fund occurred during the year.	Doug Welborn, Clerk of Court	N/A

EAST BATON PARISH CLERK OF COURT
Baton Rouge, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

The Honorable Doug Welborn
East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the East Baton Rouge Parish Clerk of Court (Clerk) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Clerk's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Clerk is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above except for the following: how vendors are added to the vendor list, controls to ensure compliance with the public bid law, and documentation required to be maintained for all bids and price quotes.

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

Written policies and procedures were obtained and address the functions noted above.

d) **Receipts**, including receiving, recording, and preparing deposits.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above except for the following: documentation requirements.

- 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. Note: Ethics requirements are not applicable to nonprofits.

There were no written policies and procedures regarding ethics.

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

The Clerk does not have debt service and therefore, this attribute is not applicable.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Clerk does not have a Board or Finance Committee, and therefore, this procedure is not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

This procedure is not applicable to the Clerk.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

This procedure is not applicable to the Clerk.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

A listing of client bank accounts and management's representation that listing is complete were obtained.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that management's review was not documented on the reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Bank statements and reconciliations for all months in the fiscal period were obtained for selected accounts noting that there was no review of items outstanding greater than 6 months.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

A listing of cash collection locations and management's representation that the listing is complete were obtained.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In the cash collection locations selected, the person responsible for collecting cash is bonded, is not responsible for depositing cash in the bank, recording transactions, or reconciling the bank account. The Clerk has twenty-five collection locations and some cash drawers are shared with multiple employees. The shared drawers are for small transactions, and it is not cost effective to have a cash drawer for each employee.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

There were no exceptions noted as a result of applying this procedure.

Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

There were no exceptions noted as a result of applying this procedure.

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

In all locations, there is a process defined to determine the completeness of all collections by a person who is not responsible for collections.

Disbursements – General (excluding credit card/debit card/fuel card/P-card purchases or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

A listing of disbursements and management's representation that the listing is complete were obtained.

- 9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

There were no exceptions noted as a result of applying this procedure.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

There were no exceptions noted as a result of applying this procedure.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

There were no exceptions noted as a result of applying this procedure.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Clerk does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the Clerk's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Clerk does not have written documentation that prohibits the person with signatory authority or the person that makes the final authorization for disbursements from initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry of management indicated that unused check stock is maintained in a locked location.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

There were no exceptions noted upon inquiry of authorized signers.

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

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

A listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the listing is complete were obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

There were four active credit cards for the year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]]

There were no exceptions noted as a result of applying this procedure.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on any of the cards selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

There were no exceptions noted as a result of applying this procedure.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

There were no exceptions noted as a result of applying this procedure.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The written policies did not require any other documentation.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions noted as a result of the testing of transaction details to the Clerk's written purchasing/departments policies. There were no transactions noted that would have been subject to Louisiana Public Bid Law.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions noted as a result of applying this procedure.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

A listing of travel and expense reimbursements by person and management's representation that the listing is complete were obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Clerk's written policies relating to travel and expense reimbursements was obtained.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

There were no exceptions noted as a result of applying this procedure.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

There were no exceptions noted as a result of applying this procedure.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

There were no exceptions noted as a result of applying this procedure.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

There were no exceptions noted as a result of applying this procedure.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

There were no exceptions noted as a result of applying this procedure.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

There were no exceptions noted as a result of applying this procedure.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete were obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There were no exceptions noted as a result of applying this procedure.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

There were no exceptions noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no exceptions noted as a result of applying this procedure.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

There were no contract amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

There were no exceptions noted as a result of applying this procedure.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The Clerk does not have a Board.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

A listing of employees with their related salaries and management's representation that the listing is complete were obtained. Five employees were randomly selected and their personnel files were obtained.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

There were no exceptions noted as a result of applying this procedure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

There were no exceptions noted as a result of applying this procedure.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

There were no exceptions noted as a result of applying this procedure.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There were no exceptions noted as a result of applying this procedure.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There were no exceptions noted as a result of applying this procedure.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no exceptions noted as a result of applying this procedure.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

There were no exceptions noted as a result of applying this procedure.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

There were no exceptions noted as a result of applying this procedure.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management asserted that they have received no allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Clerk does not have any outstanding debt.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Clerk has no tax millages relating to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

There were no exceptions noted as a result of applying this procedure.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted as a result of applying this procedure.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. 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 use of management of the East Baton Rouge Clerk of Court and the Legislative Auditor, State of Louisiana, 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.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 20, 2017