

**ST. BERNARD PARISH CLERK OF COURT**

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**CHALMETTE, LOUISIANA**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **APR 17 2013**

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March 28, 2013

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund of the St. Bernard Parish Clerk of Court (a component unit of the St. Bernard Parish Council), as of and for the year ended June 30, 2012, which collectively comprise the Clerk's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Clerk of Court's management. 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 the Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 (General Fund) and each fiduciary fund of the St. Bernard Parish Clerk of Court as of June 30, 2012, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with Government Auditing Standards, we have also issued a report dated March 28, 2013, on our consideration of the St. Bernard Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 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.

Respectfully submitted,

*Harold J. Bougeois, CPA*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ST. BERNARD PARISH CLERK OF COURT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2012

Management's Discussion and Analysis (MD&A) for the St. Bernard Parish Clerk of Court is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the St. Bernard Parish Clerk of Court's financial activities;
- identify changes in the St. Bernard Parish Clerk of Court's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and
- identify individual fund issues or concerns.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the reader to the basic financial statements contained in the annual report and provides an overview of the St. Bernard Parish Clerk of Court's financial activities. The Clerk of Court's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

Other required supplementary information, including the required budgetary comparison schedule(s) are presented immediately before the notes to the financial statements.

## ST. BERNARD PARISH CLERK OF COURT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

#### A. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the financial operations of the St. Bernard Parish Clerk of Court as a whole in a format similar to private sector companies. Under this format, all governmental and business-type activities are consolidated into columns which add to a total for the governmental entity. For the Clerk of Court, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

- a. The Statement of Net Assets presents information on all of the Clerk of Court's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets (and changes in the components of net assets) may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or weakening.
- b. The Statement of Activities presents information showing how the Clerk of Court's net assets changed during the fiscal years presented. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries, office expenditures, insurance, travel and auto allowances, other expenditures, intergovernmental transfers, and depreciation on capital assets) reduced by the Program Revenues (charges for services, operating grants and contributions, and capital grants and contributions) directly related to each respective function, to determine net costs of each function. The net costs of each function are normally covered by general revenues. For the Clerk of Court, the only program (function) is "Judicial." Additionally, the Clerk does not usually receive any operating or capital grants or contributions. All revenues are generated from fees, charges and commissions for services.

#### B. Fund Financial Statements

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

*Governmental funds* are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at

## ST. BERNARD PARISH CLERK OF COURT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk of Court's general governmental operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk of Court's programs. The St. Bernard Parish Clerk of Court has only one governmental fund - the General Fund - which is used to account for the Clerk of Court's basic services.

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

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

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

#### C. Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. When reviewing this Management's Discussion and Analysis, the reader should refer to and review the Notes to the Financial Statements as well as the Government-Wide and Fund Financial Statements.



# ST. BERNARD PARISH CLERK OF COURT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### Government-Wide Financial Analysis

#### FINANCIAL HIGHLIGHTS

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

- Net assets of governmental activities decreased by \$834,703 or approximately 102% over the prior year.
- During the year, the Clerk had expenses of \$2,959,902 that were \$834,703 more than the \$2,125,199 generated in fees and other revenues for governmental programs.
- Net Assets (Deficit) at year-end totals \$(20,168) a decrease of \$834,703 over the prior year balance, as restated, of \$814,535.

#### Statement of Net Assets

Presented below is a condensed Statement of Net Assets for the St. Bernard Parish Clerk of Court. The condensed format allows the reader to view the overall financial position of the Clerk of Court. Explanation of the components of this statement, and the Condensed Statement of Activities, are included immediately following the tables.

#### Condensed Statement of Net Assets - Governmental Activities

	<u>Total Governmental Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Cash and Other Current Assets	\$ 308,343	\$ 955,354	\$ (647,011)	(67.72%)
Capital Assets, Net	<u>66,595</u>	<u>143,514</u>	<u>(76,919)</u>	<u>(53.60%)</u>
Total Assets	<u>\$ 374,938</u>	<u>\$ 1,098,868</u>	<u>\$ (723,930)</u>	<u>(65.88%)</u>
Other Liabilities	\$ 395,106	\$ 284,333	\$ 110,773	38.96%
Total Liabilities	<u>395,106</u>	<u>284,333</u>	<u>110,773</u>	<u>38.96%</u>
Net Assets:				
Investment in Capital Assets,				
Net of Related Debt	66,595	143,514	(76,919)	(53.60%)
Unrestricted Net Assets - (Deficit)	<u>(86,763)</u>	<u>671,021</u>	<u>(757,784)</u>	<u>(112.93%)</u>
Total Net Assets - (Deficit)	<u>\$ (20,168)</u>	<u>\$ 814,535</u>	<u>\$ (834,703)</u>	<u>(102.48%)</u>

# ST. BERNARD PARISH CLERK OF COURT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### **Condensed Statement of Activities - Governmental Activities**

	<u>Total Governmental Activities</u>			
	<u>2012</u>	<u>2011</u>	<u>\$ Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services and Licenses	\$ 2,072,718	\$ 2,092,558	\$ (19,840)	(0.95%)
Operating Grants	39,196	72,283	(33,087)	(45.77%)
Total Program Revenues	2,111,914	2,164,841	(52,927)	(2.44%)
General Revenues:				
Interest Income	13,285	5,779	7,506	129.88%
Net Gain (Loss) on Sale or Disposal of Capital Assets	(2,857)	(18,057)	15,200	(84.18%)
Total Revenues	2,122,342	2,152,563	(30,221)	(1.40%)
Program Expenses:				
Salaries	1,592,583	1,719,048	(126,465)	(7.36%)
Employee Benefits and Payroll Taxes	880,894	787,254	93,640	11.89%
Office Expenditures and Insurance	359,111	319,935	39,176	12.24%
Travel and Auto Allowances	3,201	4,062	(861)	(21.20%)
Other Expenditures	33,874	40,755	(6,881)	(16.88%)
Depreciation	87,382	115,022	(27,640)	(24.03%)
Total Program Expenses	2,957,045	2,986,076	(29,031)	(0.97%)
Change in Net Assets	<u>\$ (834,703)</u>	<u>\$ (833,513)</u>	<u>\$ (1,190)</u>	0.14%

### **Government-Wide Review of Condensed Statements of Net Assets and Activities**

The Clerk of Court's net assets decreased by \$834,703 as a result of this year's operations. The overall financial position declined during the fiscal year ended June 30, 2012

Unrestricted net assets, the assets used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal obligations, generated most of the decrease this year. The balance in net assets represents the accumulated results of all past years' operations. It means that if we had to meet all of our obligations today, including all non-capital liabilities, we would have a deficit of \$(86,763). The Clerk of Court's total revenues for the year in governmental activities were \$2,125,199 (\$2,072,718 in charges for services, \$39,196 in grant funds, and \$13,285 in general revenues). The total cost of all judicial programs and services was \$2,959,902 with no new programs added this

## **ST. BERNARD PARISH CLERK OF COURT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2012

year.

#### **Analysis of Fund Financial Statements**

The St. Bernard Parish Clerk of Court maintains only one "governmental fund" - the General Fund. Its statements are presented as follows:

<u>Description of Financial Statement</u>	<u>Page Numbers</u>
Balance Sheet	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	17

#### **Governmental Funds**

Under the modified-accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the St. Bernard Parish Clerk of Court. The analysis in this section includes a discussion of components of the Fund Financial Statements, but concentrates on differences not discussed previously for the Government-Wide Financial Statements.

At the year ended June 30, 2012, the governmental fund reported total fund balance of \$301,828, a decrease of \$618,592 over the prior year total fund balance as restated. This decrease is due to expenditures of \$2,743,791 exceeding revenues of \$2,125,199. The Clerk must restrict spending in order to preserve the integrity of the office.

Currently only necessary expenditures are made. In the event that the curtailed spending is not adequate to sustain operations, the Clerk has the option of reducing Employee Benefits and personnel to further decrease the overall cost of office operations.

#### **Analysis of Significant Budget Variations in the General Fund**

The St. Bernard Parish Clerk of Court demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. The original budget for the General Funds was amended February 29, 2012. A summary of the changes follows:

# ST. BERNARD PARISH CLERK OF COURT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

### Summary of Budget Changes

	Original Budget	Amended Budget 2/29/2012	Increase (Decrease)	%
<b>Revenues:</b>				
Program Revenues	\$ 2,132,000	\$ 2,037,300	\$ (94,700)	(4.44%)
Non-Program Revenues	2,000	13,200	11,200	560.00%
<b>Total Revenues</b>	<b>2,134,000</b>	<b>2,050,500</b>	<b>(83,500)</b>	<b>(3.91%)</b>
<b>Expenditures:</b>				
Salaries	1,601,000	1,562,600	(38,400)	(2.40%)
Employee Benefits	768,000	756,000	(12,000)	(1.56%)
Office Expense and Insurance	290,000	360,000	70,000	24.14%
Auto/Travel	4,000	3,200	(800)	(20.00%)
Other Expenditures	10,000	10,000	-	0.00%
Capital Outlay	10,000	15,000	5,000	50.00%
<b>Total Expenditures</b>	<b>2,683,000</b>	<b>2,706,800</b>	<b>23,800</b>	<b>0.89%</b>
<b>Excess (Deficit) of Revenue over Expenditures</b>	<b>(549,000)</b>	<b>(656,300)</b>	<b>(107,300)</b>	<b>19.54%</b>
<b>Beginning Fund Balance, As Restated</b>	<b>920,420</b>	<b>920,420</b>	<b>-</b>	<b>0.00%</b>
<b>Ending Fund Balance</b>	<b>\$ 371,420</b>	<b>\$ 264,120</b>	<b>\$ (107,300)</b>	<b>(28.89%)</b>

When the budget for the year ended June 30, 2012 was originally prepared, Operating Revenues were reflected in a conservative manner; however, the revenue budget was amended mostly to decrease Grant revenues by \$80,200 to reflect changes in estimates based on additional information received on the amount and the timing of the grant reimbursements. Other revenue amendments included decreases in photocopy estimated revenue of \$15,000 and decreases in other revenue of \$17,000.

The original budgeted expenditures was increased by \$23,800. This increase is mainly due to an increase in Office Expense and Insurance of \$70,000 offset by a decrease in Salaries of \$(38,400) and Employee Benefits of \$(12,000).

These increases have been partially offset by the Clerk's concerted effort to curtail all unnecessary spending. In addition, the Parish has begun to absorb some of the Criminal Department expenses that are their responsibility.

## ST. BERNARD PARISH CLERK OF COURT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2012

#### **Capital Assets at Year-End**

There were \$13,320 of additions to Capital Assets in the year ended June 30, 2012, due to the purchase of computer equipment. There were \$7,423 in deletions in the current year. Depreciation expense was recorded at \$87,382. A Summary of Activity for Fixed Assets is presented in the notes to the financial statements.

	Governmental Activities
Beginning Balance	\$ 745,773
Plus Additions	13,320
Less Deletions	(7,423)
Less Accumulated Depreciation	(685,075)
Ending Balance	<u>\$ 66,595</u>

- ❖ GASB Statement No. 34 requires adoption of a capitalization "threshold" policy. "Threshold" policy means that a policy must be adopted indicating the bottom limit at which a purchased asset must be capitalized (added to the capital asset listing) and depreciated in accordance with requirements of GASB Statement No. 34. The St. Bernard Parish Clerk of Court maintains a "threshold" of \$500 or more for capitalizing and depreciating assets.

#### **Long-Term Debt**

The debt structure is simple for the St. Bernard Parish Clerk of Court since Clerks of Court are not allowed to incur long-term indebtedness for bonds or notes payable. At year-end, the St. Bernard Parish Clerk of Court had no long-term debt outstanding.

#### **Economic Factors**

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

# **ST. BERNARD PARISH CLERK OF COURT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2012

A summary of the current budget for the year ending June 30, 2013 follows:

### **Condensed Summary of Budgeted Finances**

	<u>June 30, 2013</u>
Anticipated Revenue	\$ 1,862,285
Expenditures:	
Current	1,803,000
Permanent Records	32,000
Capital Outlay	15,000
	<u>1,850,000</u>
Excess (Deficit) of Revenues over Expenditures	12,285
Beginning Fund Balance	<u>301,828</u>
Ending Fund Balance	<u>\$ 314,113</u>

Factors affecting projected revenues are:

Due to the uncertainty of the parish's continued recovery, anticipated revenues are recorded at a conservative level. The Clerk has no authority to assess or increase fees on a parish level as they are determined by the state legislature and the Clerk must operate the office within the confines of state law. The economy of the parish and the level of recovery will ultimately determine the funds available to the Clerk.

The Clerk has two major sources of funding, the first being Recording Fees. In the year ended June 30, 2012, fees were less than originally anticipated by \$30,316. It is anticipated that these reduced fees will carry over into the next fiscal year and unfavorably impact the budget.

The second major source of funds is from Suits and Successions. Actual funds received is solely determined by the legal activity and proceedings occurring within the jurisdiction of the 34th JDC. In the coming fiscal year, fees are expected to remain at about the same level as 2012.

Factors affecting projected expenditures are:

The Clerk has reduced personnel since taking office in order to reduce expenditures to properly match revenues with anticipated expenditures. The personnel reduction was a result of several employees from the prior administration retiring and other reductions were made as they were deemed necessary by the Clerk. The reduction in personnel is also expected to have an impact on the related payroll and benefit cost as these expenses are expected to decrease. Pension contribution rates are expected to be stable over the coming year.

## **ST. BERNARD PARISH CLERK OF COURT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

JUNE 30, 2012

Group Insurance contracts are negotiated with the Clerk's Association on an annual basis. Although any change in rates was unknown at the time the budget was prepared, a moderate allowance has been made for premium increases. Any increase should be offset by the decreases in other benefits and wages.

No equipment purchases were anticipated at the time the budget was prepared. However, a moderate sum was budgeted in the event a need arises.

#### **Requests for Information**

This financial report is designed to provide a general overview of the St. Bernard Parish Clerk of Court's finances and to demonstrate the Clerk of Court's accountability. If you have questions regarding this report or need additional information, contact Randy Nunez, Clerk of Court, St. Bernard Parish Clerk of Court, P.O. Box 1746, St. Bernard, LA 70044; phone number (504) 271-3434.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**ST. BERNARD PARISH CLERK OF COURT**

**STATEMENT OF NET ASSETS**

JUNE 30, 2012

**ASSETS**

Cash and Cash Equivalents	\$ 30,384
Receivables, Net	271,242
Prepaid Insurance	6,717
Capital Assets (Net of Accumulated Depreciation)	<u>66,595</u>
Total Assets	<u><u>\$ 374,938</u></u>

**LIABILITIES**

Accounts Payable	\$ 6,515
Unfunded Other Post Employment Benefits	<u>388,591</u>
Total Liabilities	<u>395,106</u>

**NET ASSETS**

Investment in Capital Assets	66,595
Unrestricted (Deficit)	<u>(86,763)</u>
Total Net Assets (Deficit)	<u>(20,168)</u>
Total Liabilities and Net Assets	<u><u>\$ 374,938</u></u>

The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2012

**Governmental Activities:**

Expenses:

Judicial:

Salaries and Wages	\$ 1,592,583
Employee Benefits and Payroll Taxes	880,894
Office Expenses	327,174
Insurance	31,937
Auto/Travel	3,201
Other Expenses	33,874
Depreciation	87,382

Total Expenses 2,957,045

Program Revenues:

Fees, Charges and Commissions for Services:

Recordings	689,584
Uniform Commercial Code Fees	3,510
Mortgage Certificates	11,580
Court Attendance	18,000
Photocopies	77,770
Fines and Forfeitures	62,560
Suits and Successions	1,146,041
Other Fees	34,773
Intergovernmental	20,700
Licenses	8,200
Operating Grants	39,196

Net Program Revenues (Expenses) (845,131)

General Revenues:

Interest Revenue	13,285
Net Gain (Loss) on Sale or Disposal of Capital Assets	(2,857)

Total General Revenues 10,428

Change in Net Assets (834,703)

Net Assets - Beginning of Year, As Restated 814,535

Net Assets (Deficit) - End of Year \$ (20,168)

The accompanying notes constitute an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

**ST. BERNARD PARISH CLERK OF COURT**

**BALANCE SHEET - GOVERNMENTAL FUND**

JUNE 30, 2012

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 30,384
Receivables, Net	37,142
Due from Other Governments	67,170
Due from Other Funds	166,930
Prepaid Expense	<u>6,717</u>
Total Assets	<u>\$ 308,343</u>
 <b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts Payable	\$ 2,162
Other Liabilities	<u>4,353</u>
Total Liabilities	6,515
 Fund Balances:	
Nonspendable:	
Prepaid Expenses	6,717
Committed:	
Contractual Commitments	7,332
Unassigned	<u>287,779</u>
Total Fund Balances	<u>301,828</u>
Total Liabilities and Fund Balances	<u>\$ 308,343</u>

The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2012

Fund Balances - Total Governmental Fund \$ 301,828

Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital Assets Used in Governmental Activities  
are not Financial Resources and are not Reported in the  
Governmental Funds

Cost of Capital Assets	751,670
Less: Accumulated Depreciation	<u>(685,075)</u>
	66,595

Long-Term Liabilities are not Due and Payable  
in the Current Period and Therefore are not Reported in the  
Governmental Funds:

Accumulated Unfunded Other Postemployment Benefits Payable	<u>(388,591)</u>
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Net Assets of Governmental Activities	<u>\$ (20,168)</u>
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The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

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

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>
<b>Revenues:</b>	
Fees, Charges and Commissions for Services:	
Recordings	\$ 689,584
Uniform Commercial Code Fees	3,510
Mortgage Certificates	11,580
Court Attendance	18,000
Photocopies	77,770
Fines and Forfeitures	62,560
Suits and Successions	1,146,041
Other Fees	34,773
Intergovernmental	20,700
Grant Revenue	39,196
Licenses	8,200
Interest Revenue	13,285
Total Revenues	<u>2,125,199</u>
<b>Expenditures:</b>	
Judicial:	
Salaries and Wages	1,592,583
Employee Benefits and Payroll Taxes	741,702
Office Expenditures	327,174
Insurance	31,937
Auto/Travel	3,201
Other Expenditures	33,874
	<u>2,730,471</u>
Capital Outlay	13,320
Total Expenditures	<u>2,743,791</u>
Excess (Deficiency) of Revenues Over Expenditures	(618,592)
<b>Fund Balance - Beginning of Year, as Restated</b>	<u>920,420</u>
<b>Fund Balance - End of Year</b>	<u><u>\$ 301,828</u></u>

The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

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

JUNE 30, 2012

Net Change in Fund Balance - Total Governmental Fund \$ (618,592)

Amounts Reported for Governmental Activities in the Statement of  
Activities are Different Because:

Governmental Funds Report Capital Outlays as Expenditures. In the  
Statement of Activities, the Costs of those Assets is Allocated over their  
Estimated Useful Lives as Depreciation Expense. This is the Amount by  
Which Depreciation Expense Exceeded Capital Outlays in the Current  
Period:

Capital Outlay	13,320
Depreciation Expense	<u>(87,382)</u>
	(74,062)

Add Accumulated Depreciation on Assets Retired During the Year	4,566
Less Cost Basis of Assets Retired During the Year	<u>(7,423)</u>

Long-Term Debt:

Some expenses reported in the Statement of Activities do not require the use  
of current financial resources and, therefore, are not reported as expenditures  
in the governmental funds:

Net Change in Other Postemployment Benefits Obligation	<u>(139,192)</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ (834,703)</u></u>
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The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues:</b>				
<b>Fees, Charges and Commissions for Services:</b>				
Recordings	\$ 700,000	\$ 720,000	\$ 689,584	\$ (30,416)
Uniform Commercial Code Fees	3,000	3,000	3,510	510
Mortgage Certificates	15,000	12,000	11,580	(420)
Court Attendance	20,000	16,000	18,000	2,000
Photocopies	90,000	75,000	77,770	2,770
Fines and Forfeitures	50,000	55,000	62,560	7,560
Suits and Successions	1,100,000	1,100,000	1,146,041	46,041
Other Fees	50,000	33,000	34,773	1,773
Intergovernmental	-	-	20,700	20,700
Grant Revenue	100,000	19,800	39,196	19,396
Licenses	4,000	3,500	8,200	4,700
Interest Revenue	2,000	13,200	13,285	85
<b>Total Revenues</b>	<b>2,134,000</b>	<b>2,050,500</b>	<b>2,125,199</b>	<b>74,699</b>
<b>Expenditures:</b>				
<b>Judicial:</b>				
Salaries and Wages	1,601,000	1,562,600	1,592,583	(29,983)
Employee Benefits and Payroll Taxes	768,000	756,000	741,702	14,298
Office Expenditures	258,000	327,000	327,174	(174)
Insurance	32,000	33,000	31,937	1,063
Auto/Travel	4,000	3,200	3,201	(1)
Other Expenditures	10,000	10,000	33,874	(23,874)
	2,673,000	2,691,800	2,730,471	(38,671)
<b>Capital Outlay</b>	<b>10,000</b>	<b>15,000</b>	<b>13,320</b>	<b>1,680</b>
<b>Total Expenditures</b>	<b>2,683,000</b>	<b>2,706,800</b>	<b>2,743,791</b>	<b>(36,991)</b>
<b>Excess (Deficiency) of Revenues Over             Expenditures</b>	<b>(549,000)</b>	<b>(656,300)</b>	<b>(618,592)</b>	<b>37,708</b>
<b>Fund Balance - Beginning of Year, As Restated</b>	<b>920,420</b>	<b>920,420</b>	<b>920,420</b>	<b>-</b>
<b>Fund Balance - End of Year</b>	<b>\$ 371,420</b>	<b>\$ 264,120</b>	<b>\$ 301,828</b>	<b>\$ 37,708</b>

The accompanying notes constitute an integral part of this statement.



**ST. BERNARD PARISH CLERK OF COURT**

**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**

JUNE 30, 2012

	Agency Funds		Total Agency Funds
	Advance Deposit Fund	Registry of Court Fund	
<b>ASSETS</b>			
Cash	\$ 1,720,232	\$ 20,752,853	\$ 22,473,085
Total Assets	<u>\$ 1,720,232</u>	<u>\$ 20,752,853</u>	<u>\$ 22,473,085</u>
<b>LIABILITIES</b>			
Due to General Fund	\$ 166,930	\$ -	\$ 166,930
Due to Taxing Bodies and Others	<u>1,553,302</u>	<u>20,752,853</u>	<u>22,306,155</u>
Total Liabilities	<u>1,720,232</u>	<u>20,752,853</u>	<u>22,473,085</u>
<b>NET ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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The accompanying notes constitute an integral part of this statement.

**ST. BERNARD PARISH CLERK OF COURT**

**STATEMENT OF CHANGES IN FIDUCIARY UNSETTLED DEPOSITS**  
**FIDUCIARY FUNDS**

JUNE 30, 2012

	<u>Agency Funds</u>		
	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total Agency Funds</u>
<b>Unsettled Deposits, Beginning of Year, As Restated</b>	\$ 1,511,162	\$ 17,475,159	\$ 18,986,321
<b>Additions:</b>			
Suits and Successions	1,677,454	-	1,677,454
Judgments	-	3,865,265	3,865,265
Interest Earned	-	10,198	10,198
Total Additions	1,677,454	3,875,463	5,552,917
<b>Reductions:</b>			
Clerk's Costs (Transferred to General Fund)	1,146,041	-	1,146,041
Settlements to Litigants	257,490	585,612	843,102
Sheriff's Fees	111,816	-	111,816
Other Reductions	119,967	12,157	132,124
Total Reductions	1,635,314	597,769	2,233,083
<b>Unsettled Deposits, End of Year</b>	<u>\$ 1,553,302</u>	<u>\$ 20,752,853</u>	<u>\$ 22,306,155</u>

The accompanying notes constitute an integral part of this statement

# **ST. BERNARD PARISH CLERK OF COURT**

## **NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2012

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

#### **A. Organization and Nature of Operations**

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

#### **B. Reporting Entity**

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

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

#### **C. Basis of Statement Presentation**

The accompanying component unit financial statements of the St. Bernard Parish Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

#### **D. Fund Accounting**

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

## **ST. BERNARD PARISH CLERK OF COURT**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

#### **General Fund**

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

#### **Agency Funds**

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

#### **E. Measurement Focus/Basis of Accounting**

##### **Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the St Bernard Parish Clerk of Court.

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

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

The Clerk of Court does not allocate indirect expenses.

##### **Basic Financial Statements - Governmental Funds**

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

## **ST. BERNARD PARISH CLERK OF COURT**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

#### **Revenues**

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

#### **Expenditures**

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

#### **F. Budgetary Policy and Accounting**

The proposed budget for the 2012 fiscal year was made available for public inspection at the Clerk's office on June 9, 2011. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 6 days prior to the public hearing. The budget hearing was held at the Clerk's office on June 10, 2011 and published in the official journal on June 17, 2011. The budget is legally adopted and amended, as necessary, by the Clerk. The budget for the 2012 fiscal year was amended February 28, 2012 adopted and published in the official journal on April 6, 2012. All appropriations lapse at year end.

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

#### **G. Encumbrances**

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

#### **H. Cash and Cash Equivalents**

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

# ST. BERNARD PARISH CLERK OF COURT

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

### **I. Prepaid Items**

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

### **J. Uncollectible Accounts Receivable**

The Clerk of Court uses the allowance method to account for uncollectible accounts receivable. The allowance for uncollectible accounts is based on prior years experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The Clerk of Court considers all accounts receivable at June 30, 2012 to be fully collectible that are net of the allowance. An allowance for uncollectible accounts balance of \$9,960 is recorded which represents receivable balances that are estimated to be uncollectible

### **K. Capital Assets and Depreciation**

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

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

<u>Assets</u>	<u>Estimated Lives</u>
Office Equipment	5 Years
Furniture and Fixtures	5 Years
Automobiles	5 Years
Leasehold Improvements	20 Years

### **L. Compensated Absences**

Employees of the Clerk of Court's office earn two weeks vacation leave and up to four weeks sick leave each year. The leave time accrues on a calendar year basis and must be used in the calendar year. Any unused personal time is not paid to the employee upon termination. In accordance with GASB 16, Accounting for Compensated Absences, no liability for accrued unused employee leave is included in these financial statements.

## **ST. BERNARD PARISH CLERK OF COURT**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

#### **M. Interfund Activities**

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

#### **N. Clerk's Fees Transferred from Advance Deposit Agency Fund**

These fees represents 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

#### **O. Fund Equity**

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

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

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

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

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

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

The details of the fund balances are included in the Balance Sheet - Governmental Fund (page 15). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Court or the Assignment has been changed by the Court. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

R S 13:785 requires that every four years (at the close of the term of office) the clerk of court 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, limited to the amount of

## **ST. BERNARD PARISH CLERK OF COURT**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

funding received from the parish treasurer. The amount owed to the parish treasurer under R.S. 13:785 is limited to the funds provided by the parish treasurer under provisions of R.S. 13:784 to help defray the costs of capital assets and record books during the clerk of court's four year term. The Clerk's current term expired on June 30, 2012. Since the Clerk's total fund balance did not exceed one-half of the revenues during her last term in office, a liability is not owed to the Parish Council under provisions of R.S. 13:1385 at June 30, 2012.

#### **P. Use of Estimates**

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

#### **Q. Continued Uncertainty of Future Market Conditions**

On August 29, 2005, the region which the Clerk of Court serves was impacted by Hurricane Katrina and the area, inclusive of the Clerk's Office, experienced significant destruction as a result of wide spread flooding. Management estimated the adverse impact of this catastrophe upon the Clerk of Court's 2006 financial statements, including disaster response costs and casualty losses, and the material amounts of those effects were reported in the 2006 financial statements. The long-term viability of the devastated areas continues to depend on the extent of rebuilding and repopulation of these areas. At this time, the extent of the rebuilding and repopulation of the affected areas have not yet been determined. Therefore, the outlook for the affected areas' economic future remains at this time uncertain, as is the manner in which that uncertainty could affect the Clerk of Court's future financial condition and continued existence.

#### **Note 2 - Cash and Cash Equivalents -**

A summary of cash and cash equivalents at June 30, 2012 is presented on the following page. At June 30, 2012, the carrying amount of the Clerk of Court's Cash and Cash Equivalents totaled \$22,503,469, and the confirmed bank balances totaled \$22,699,658. Cash and Cash Equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.



**ST. BERNARD PARISH CLERK OF COURT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

	<u>Governmental Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$ 30,384</u>	<u>\$22,473,085</u>	<u>\$ 22,503,469</u>
Bank Balances (Category 3 Only)			
a. Uninsured and Uncollateralized	\$ -	\$ -	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>95,481</u>	<u>22,354,177</u>	<u>22,449,658</u>
Total Category 3 Bank Balances	<u>\$ 95,481</u>	<u>\$ 22,354,177</u>	<u>\$ 22,449,658</u>
Total Bank Balances (Regardless of Category)	<u>\$ 96,544</u>	<u>\$ 22,603,114</u>	<u>\$ 22,699,658</u>

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Clerk's deposits may not be returned to it. As of June 30, 2012, \$22,449,658 of the Clerk's bank balance of \$22,699,658 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

**Note 3 - Investments -**

At June 30, 2012, all investments held by the Clerk of Court are classified as cash equivalents

**Note 4 - Receivables -**

The receivables at June 30, 2012 are as follows

Accounts	\$ 47,102
Intergovernmental	67,170
Due from Fiduciary Funds	<u>166,930</u>
	281,202
Less: Allowance for Uncollectible Accounts	<u>(9,960)</u>
	<u>\$ 271,242</u>

Receivable balances past due ninety days or more at June 30, 2012 amounted to \$38,058.

# ST. BERNARD PARISH CLERK OF COURT

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

### Note 5 - Changes in Capital Assets -

A summary of changes in capital assets follows.

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
<b><u>Governmental Activities:</u></b>				
Capital Assets being Depreciated				
Equipment and Furniture	\$ 745,773	\$ 13,320	\$ (7,423)	\$ 751,670
Total Capital Assets being Depreciated	745,773	13,320	(7,423)	751,670
Less: Accumulated Depreciation for:				
Equipment and Furniture	602,259	87,382	(4,566)	685,075
Total Accumulated Depreciation	602,259	87,382	(4,566)	685,075
Total Governmental Activities				
Capital Assets, Net	\$ 143,514	\$ (74,062)	\$ (2,857)	\$ 66,595

Depreciation expense of \$87,382 was charged to the Judicial Operations function in the Statement of Activities

### Note 6 - Changes in General Long-Term Debt -

The Clerk has no general long-term obligations at June 30, 2012

### Note 7 - Retirement Plans -

*Plan Description* Substantially all employees of the St. Bernard Parish Clerk of Court are members of the Louisiana Clerk of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Effective January 1, 2011 the retirement age increased to 65 and the amount paid monthly for life will be equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. Effective January 1, 2011 the age for this benefit increased to 65 years of age. The System also provides death and disability benefits. Benefits are established by state statute.

## ST. BERNARD PARISH CLERK OF COURT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

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

*Funding Policy* Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the St. Bernard Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 17.25 percent of annual covered payroll.

In addition, the Louisiana Legislature passed R.S. 11:1562(C) which allows the Clerk of Court to pay out of the Clerk's operating funds all or any portion of the employee required contributions which would otherwise be deducted from the employee's salary. The Clerk has elected to pay 100% of all retirement system contributions to the Louisiana Clerk of Court Retirement and Relief Fund.

Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collected by the tax rolls of each parish. The contributions requirements of plan members and the St. Bernard Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The St. Bernard Parish Clerk of Court contributions to the System for the years ended June 30, 2012, 2011, and 2010, were \$378,966 (normal employer portion \$261,047 and employee portion \$117,919), \$393,958, and \$335,624, respectively, equal to the required contribution for each year.

#### **Note 8 - Other Postemployment Benefits -**

*Plan Description* The Clerk's defined benefit postemployment health care plan ("the Retiree Health Plan") provides medical, dental and life insurance benefits to eligible retired employees and their beneficiaries. The Retiree Health Plan is affiliated with the Louisiana Clerk of Court Insurance Trust ("LCCIT"), an agent multiple-employer postemployment healthcare plan administered by the Louisiana Clerks of Court Association.

*Funding Policy* The contribution requirements of plan members and the Clerk are established and may be amended by the LCCIT board of trustees. The Clerk contributes 50% of the cost of current-year premiums for eligible retired plan members and 50% of the cost for retired plan members' spouses and dependent children. For fiscal 2012, the Clerk contributed \$19,000 to the plan.

# ST. BERNARD PARISH CLERK OF COURT

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

*Annual OPEB and Net OPEB Obligation* For 2012, the Clerk's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with parameters of Governmental Accounting Standards Board Statement No 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Clerk's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Clerk's net OPEB obligation to the Retiree Health Plan

Annual Required Contribution	\$ 152,716
Interest on Net OPEB Obligation	9,976
Adjustment to Annual Required Contribution	<u>(4,500)</u>
Annual OPEB Cost (Expense)	158,192
Contributions Made	<u>(19,000)</u>
Increase in Net OPEB Obligation	139,192
Net OPEB Obligation - Beginning of Year	<u>249,399</u>
Net OPEB Obligation - End of Year	<u><u>\$ 388,591</u></u>

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$152,716	12.1%	\$134,178
6/30/2011	\$153,291	24.8%	\$249,399
6/30/2012	\$158,192	12.0%	\$388,591

*Funded Status and Funding Progress* As of June 30, 2009, the date of the first actuarial valuation, the Actuarial Accrued Liability ("ALL") for benefits was \$1,792,560, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,300,827, and the ratio of the unfunded ALL to the covered payroll was 137.8%.

**ST. BERNARD PARISH CLERK OF COURT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information presented at the conclusion of this note, presents first year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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

In the June 30, 2009 actuarial valuation, the entry age actuarial cost method was used. Based on the Clerk's short-term investment portfolio, a discount rate of 4.0% was used. In addition, the actuarial assumptions included an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5.5% after 10 years. The Clerk's actuarial liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	\$1,792,560	\$1,792,560	0.0%	\$1,300,827	137.8%

**ST. BERNARD PARISH CLERK OF COURT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

**Note 9 - Changes in Fiduciary Fund Balances -**

A summary of changes in agency fund unsettled deposits follows

	Balance July 1, 2011 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2012 <u></u>
Advance Deposit Fund	\$ 1,511,162	\$ 1,677,454	\$ 1,635,314	\$ 1,553,302
Registry of Court Fund	<u>17,475,159</u>	<u>3,875,463</u>	<u>597,769</u>	<u>20,752,853</u>
	<u>\$ 18,986,321</u>	<u>\$ 5,552,917</u>	<u>\$ 2,233,083</u>	<u>\$22,306,155</u>

**Note 10 - Litigation and Claims -**

At June 30, 2012, the Clerk of Court is involved in general lawsuits, it is the opinion of the legal advisor for the Clerk of Court that the ultimate resolution of these lawsuits will not involve any material liability to the Clerk of Court in excess of insurance coverage.

**Note 11 - Prior Period Adjustment -**

The net effect of the changes to previously reported Net Assets and Fund Balance of the governmental activities is as follows

	<u>Net Assets</u>	<u>Fund Balance</u>
June 30, 2011, As Previously Reported	\$ 569,621	\$ 690,105
Adjustments to:		
Correct Liability and Committed Fund Balance	-	21,996
Correct Compensated Absence Liability	36,595	-
Report Grant Receivable in Prior Period	41,468	41,468
Report Due from Agency Fund in Prior Period	<u>166,851</u>	<u>166,851</u>
June 30, 2011, As Restated	<u>\$ 814,535</u>	<u>\$ 920,420</u>

**ST. BERNARD PARISH CLERK OF COURT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

The net effect of the changes in previously reported Fiduciary Fund's Unsettled Deposits are as follows:

	<u>Advanced Deposit Fund</u>	<u>Registry of Court Fund</u>
Unsettled Deposits		
June 30, 2011, As Previously Reported	\$ 1,678,013	\$ 17,475,159
Adjustments to		
Report Due to General Fund in Prior Period	<u>(166,851)</u>	<u>-</u>
June 30, 2011, As Restated	<u>\$ 1,511,162</u>	<u>\$ 17,475,159</u>

**Note 12 - Current Accounting Pronouncements -**

In June 2011, the Governmental Accounting Standards Board issued GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. This Statement also amends the net asset reporting requirements in GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. This Statement will be required to be adopted by the Clerk for fiscal year ending June 30, 2013.

The Governmental Accounting Standards Board issued GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities*" This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact

## ST. BERNARD PARISH CLERK OF COURT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2012

of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the Clerk for fiscal year ending June 30, 2014.

The Governmental Accounting Standards Board issued GASB Statement No. 66 - "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No 62 " The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively This Statement will be required to be adopted by the Clerk for fiscal year ending June 30, 2014

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No 68 - "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used



**ST. BERNARD PARISH CLERK OF COURT**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

JUNE 30, 2012

to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the Clerk for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2013. Management currently believes the implementation of GASB 63 will not have a material effect on the Clerk's financial statements.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal years ending after June 30, 2013. Management currently believes the implementation of GASB 65 will not have a material effect on the Clerk's financial statements.

**Note 13 - Subsequent Event -**

On August 21, 2012, Hurricane Isaac affected the Clerk's operations by causing severe damage to the roof of the Clerk's building. The Clerk was required to relocate to a different building. The Clerk was closed for several weeks after the Hurricane to complete the relocation process and open a new office. The Clerk has filed for insurance claims to seek reimbursement for the cost associated with the damages sustained and the cost of relocating. The damage from the Hurricane was one of the factors affecting the Clerk's ability to file the audited financial statements by December 31, 2012. The actual cost and reimbursements from the insurer is not known as of the date of this report.

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

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March 28, 2013

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

We have audited the financial statements of the governmental activities, the major fund (General Fund), the budgetary comparison statement of the General Fund, and each fiduciary fund of the St. Bernard Parish Clerk of Court (a component unit of the St. Bernard Parish Council), as of and for the year ended June 30, 2012, which collectively comprises the St. Bernard Parish Clerk of Courts' basic financial statements and have issued our report thereon dated March 28, 2013. 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.

#### **Internal Control Over Financial Reporting**

Management of St. Bernard Parish Clerk of Court, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered St. Bernard Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Bernard Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

Honorable Randy Nunez  
St Bernard Parish Clerk of Court

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. We consider the deficiencies described in the accompanying schedule of findings and responses and identified as 2012-01, 2012-03 and 2012-05 to be material weaknesses.

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 schedule of findings and responses and identified as 2012-04 and 2012-06 to be significant deficiencies.

### **Compliance**

As part of obtaining reasonable assurance about whether the St Bernard Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as items 2012-01, 2012-02, 2012-03 and 2012-05.

The St. Bernard Parish Clerk of Court's responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit St Bernard Parish Clerk of Court's responses and, accordingly, we express no opinion on them.

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

Respectfully submitted,

*Hannu L. Bourgeois, LLP*

**ST. BERNARD PARISH CLERK OF COURT**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED JUNE 30, 2012**

**CURRENT YEAR FINDINGS:**

**Finding 2012 - 01 Accounts Receivable Listing and Uncollected Balance of Accounts Over 90 Days:**

**Criteria:**

An accounts receivable listing should include the name of the person or entity who owes the Clerk including a detail of invoices, the date billed, a total and an aging showing if the balance is current or past due

**Condition**

The accounts receivable listing provided to us for audit contained a date, a document number or document name and the page number of the cash receipts journal where the transaction was recorded. The name of the person or entity who owed the balance was not included in the accounts receivable listing. We requested for management to add the names of each charge to the listing. Management spent a considerable amount of time and effort to research each charge on the cash receipts journal to the indexing software to determine who owed the receivable balances. Management was not able to identify who owed \$3,588 in various charges of the total \$47,102 accounts receivable balance due at June 30, 2012. In addition, \$38,058 or 81% of the \$47,102 balance was over 90 days past due with \$9,960 of the balance recorded as allowance for uncollectible which represents balances over one year past due.

The Louisiana Constitution Article VII Section 14 prohibits Louisiana governmental entities from loaning any assets. The balance outstanding over 90 days past due may be a violation of the Louisiana Constitution.

**Effect:**

In addition to the possible violation of the Louisiana Constitution Article VII Section 14, the Clerk does not have use of the uncollected receivable in the form of cash to pay operating expenses.

**Recommendation**

We recommend for the Clerk to develop a system to include the name, amount, date, and reason for charges to customers accounts. All customers that are allowed credit with the Clerk's office need to keep their balance owed current. We recommend for the Clerk to mail statements to all individuals or entities that owe a balance and request payment. In addition, management should seek advice of legal counsel to determine if any violations of State law have occurred and take appropriate action, if necessary.

**ST. BERNARD PARISH CLERK OF COURT**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Management's Response:**

Management has implemented a subsidiary ledger system and updated it with names that correspond to amounts owed. All future receivables will be recorded in this ledger which also tracks aging. The clerk will review the aging schedule monthly to follow up on outstanding balances.

**Finding 2012 - 02 Failure to Complete Audit Report Within Six Months of the Close of the Fiscal Year (LSA-R.S. 24:513(5)(a)):**

**Criteria:**

Louisiana Revised Statute 24:513(5)(a) requires the Clerk to complete its financial statement and file the audited financial statement with the Louisiana Legislative Auditor's Office within six months after the end of its fiscal year. The St. Bernard Parish Clerk of Court's fiscal year end is June 30, 2012 so the audited financial statement was required to be filed by December 31, 2012.

**Condition:**

During the current year, the newly elected Clerk was sworn into office on July 1, 2012. In August 2012, Hurricane Isaac caused significant damage to the Clerk's office by tearing off the roof of the building. The Clerk was required to move the office operations to a new building. Delays with closing the financial records and completing audit schedules were caused by the effects of the Hurricane and the new Clerk's having to become familiar with his predecessor's financial records resulted in the audit not being completed on time in accordance with State law.

**Effect:**

The financial statements and audit were not able to be completed and was not filed on time due to the damages caused by Hurricane Isaac and management not being able to timely close the accounting records for the year and prepare audit documentation.

**Recommendation**

We recommend that all future reports be submitted timely as required by the revised statute mentioned above and submitted to the Legislative Auditor's Office prior to December 31st each year.

**Management's Response:**

Management does not foresee issues preventing the filing of a timely report in the future. Management will arrange for the coming fiscal year audit as close as possible to year end to avoid delays in the audit.

**ST. BERNARD PARISH CLERK OF COURT**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Finding 2012 - 03 Monthly Attorney Retainer Paid, Missing Invoices and Possible Violation of the Louisiana Constitution Article VII Section 14:**

**Criteria:**

The Louisiana Constitution, in Article VII Section 14, prohibits Louisiana governmental entities from making donations, with few exceptions. The Louisiana Attorney General has issued opinions 78-124, 91-589A and 06-155 concluding that payments of a retainer fee to an attorney may be a violation of the Louisiana Constitution Article VII Section 14 if the retainer payment was made prior to work actually being done by the attorney. In opinion 91-589A, the Louisiana Attorney General explained that "the hourly contract certainly is the preferred practice for the flat rate contract to be lawful and not violate Article VII Section 14 of the La. Constitution of 1974, payments should not be made prior to work being performed, the work must actually be performed every month." In addition, all invoices for all expenses should be included in the governmental records to provide documentation of all expenses paid.

**Condition.**

During the current year audit of legal expenses, we noted the Clerk paid \$30,000 or \$2,500 per month to a law firm. The Clerk's check register included a description that these payments to the law firm were retainer payments. There were no invoices in the Clerk's files that detailed the work done by the law firm being paid so we were not able to determine if the \$2,500 per month being paid was for work actually being done by the attorney.

**Effect:**

Without the Clerk's files including invoice information from the law firm being paid the \$2,500 per month described as retainer fees, it would appear the Clerk may be in violation of the Louisiana Constitution Article VII Section 14.

**Recommendation**

We recommend for the new Clerk to look further into this matter and request copies of the invoices from the law firm to determine if work was done by an attorney for the \$2,500 being paid, if the work was done prior to payments being made, and if the expense was for a public purpose of the Clerk's operations. We further recommend for the new Clerk to seek legal advice on how to proceed if the invoices cannot be obtained and to determine if the amounts paid can be recovered if the payments were made in violation of the Louisiana Constitution Article VII Section 14.

**ST. BERNARD PARISH CLERK OF COURT**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2012

**Management's Response.**

Management is mailing a letter requesting more details on the services provided. As these fees were paid by the prior administration it remains unclear what work was included in the monthly fee. Management will follow up and take action if any violations or improper expenditures are discovered.

**Finding 2012-04 Capital Assets Listing and Missing Capital Assets :**

**Criteria:**

The detailed inventory of Capital Assets should include all assets that are in the possession of the Clerk or purchased with the Clerk's funds meeting the criteria for capitalization.

**Condition:**

During the current year audit of Capital Assets, the newly elected Clerk identified several capital assets on the listing provided by the previous Clerk that were not able to be located. The assets missing included an Apple I-Pad, a Macbook Pro 15" Laptop and three window unit air conditioners. These assets were on the capital assets listing with a cost of \$7,423 and a book value of \$2,857. The newly elected Clerk has not been able to obtain an explanation from the prior Clerk where these assets are held or stored. Since the newly elected Clerk was not able to find these assets, the net value was reported as a disposal of capital assets in the June 30, 2012 financial statements.

**Effect:**

The incoming Clerk does not have use of the assets that were purchased by the St. Bernard Parish Clerk of Court.

**Recommendation:**

We recommend for the current Clerk to continue requesting the previous Clerk to provide an explanation of where these missing capital assets are located.

**Management Response:**

Management will perform additional follow up on the missing assets. The clerk's office has recently relocated operations back to their original location at the St. Bernard Parish Court House. During the process of moving all equipment and files another search for the missing assets was performed but none were located.



**ST. BERNARD PARISH CLERK OF COURT**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Finding 2012-05 Legislative Auditor Investigative Audit Concerning Collections Advanced Court Cost for Civil Suit Filings**

**Criteria:**

Advanced court costs are collected at the time civil lawsuits are filed with the Clerk of Court. These advanced court costs, or deposits, are earned by the Clerk and other governmental entities based on fee schedules and are to be collected for providing services. The fees earned on these advanced deposits are transferred to the Clerk's Salary (General) Fund and other governmental entities.

**Condition:**

On December 5, 2012, the Louisiana Legislative Auditor issued its compliance audit concerning the prior Clerk allowing her son, an Attorney in the Parish, to file civil lawsuits without paying the required advanced court costs at the time of filing the lawsuit or requiring her son to pay the advance court cost at a later date. Also, the Clerk's son was not required to pay the correct advanced court costs based on fee schedules on various lawsuits filed. Additionally, the Clerk's Chief Deputy destroyed billing records relating to the Clerk's son's account. The prior Clerk may have violated state law by not collecting the required advanced cost or the correct amount of advanced costs as required by LSA RS 13:842. Also, the prior Clerk may have violated the Louisiana Constitution Article VII Section 14 which prohibits governmental entities in Louisiana from loaning public funds by extending credit to her son and not requiring him to pay the advanced court costs. In addition, the prior Clerk's Chief Deputy may have violated the Louisiana Public Records Laws in LSA RS 44:1 to RS 44:41 by destroying the billing records. The Legislative Auditor's investigation covered the period from June 2009 through May 2011. A complete copy of the Louisiana Legislative Auditor's Investigative Report can be downloaded at the following internet address:

[http://app1.la.state.la.us/PublicReports.nsf/F8420171D3C6E0DB86257ACB005A9DC8/\\$FILE/0002DDFD.pdf](http://app1.la.state.la.us/PublicReports.nsf/F8420171D3C6E0DB86257ACB005A9DC8/$FILE/0002DDFD.pdf)

**Effect:**

The Legislative Auditor reported that approximately \$179,000 in advanced costs was not collected by the prior Clerk from her son. This resulted in the Clerk's salary fund not receiving the required statutory and non-statutory fees transferred from the Advanced Cost Fund. In addition, various other governmental entities did not receive its portion of the required statutory fees. Various state laws including the Louisiana Constitution may have been violated. The prior Clerk's son subsequently paid \$99,566 of the balance in dispute.

**ST. BERNARD PARISH CLERK OF COURT**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Recommendation:**

In Louisiana Legislative Auditor's report, the following recommendations were made:

The Clerk should adopt written policies and procedures regarding the collection and charging of fees for civil lawsuits. The Clerk should:

- (1) follow a uniformed method of collecting advance court cost;
- (2) generate an attorney case report monthly to determine if any costs are in arrears;
- (3) maintain public records as required by state law; and
- (4) submit statutorily required fees to state agencies in a timely manner.

**Management Response**

The compliance audit report includes all of management's responses and explanations.

**Finding 2012 - 06 Account Reconciliations**

**Criteria:**

The manually prepared trial balance provided for audit should reflect all transactions for the year. In addition, all significant general ledger accounts should be reconciled and agreed to that trial balance.

**Condition**

The previous St. Bernard Clerk of Court maintained all records manually and posted all the manual records each month into a manually prepared general ledger. This general ledger was posted through the May 2012 transactions. Upon the previous administration leaving office, the month of June 2012 had not been completed or posted to the general ledger. In addition, the normal annual closeout entries made by the previous administration were not completed. The new administration took office on July 1, 2012, and was not afforded the opportunity to meet with the prior Clerk and get familiar with the accounting system. Because the new administration was not familiar with the manually kept accounting records, errors were made in recording June 2012 transactions.

**Effect.**

Due to the new administration not being familiar with the manual accounting system, the financial records were not properly closed and reconciled. Adjustments were required to properly reconcile various accounts to workpapers prepared by the new administration's staff and to correct the original trial balance presented for audit. These entries decreased the deficiency in the general fund from \$1,077,516 to \$618,592.

**ST. BERNARD PARISH CLERK OF COURT**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Recommendation:**

We recommend for management to make sure all transactions are recorded into the general ledger and the information recorded in the general ledger reconciled to the information on the trial balance so that accurate financial information is available timely for audit and budgeting purposes. In addition, we recommend that management upgrade the manual accounting system inherited upon taking office to a current electronic accounting software package. Finally, we recommend that the accounting staff become proficient with the new electronic accounting software package as well as familiar with the operations of the Clerk's office

**Management Response:**

Management has taken steps to convert the manual accounting system inherited from the prior administration to a current electronic accounting software package system in an effort to modernize the office.

**ST. BERNARD PARISH CLERK OF COURT**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**PRIOR YEAR FINDINGS:**

**Internal Control Finding**

None

**Compliance Finding**

None