

EAST BATON ROUGE PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court (hereinafter "Clerk of Court"), a component unit of the Consolidated Government of City of Baton Rouge-Parish of East Baton Rouge, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion on Agency Fund

Due to the Clerk of Court's inability to reconcile the individual suit balances in its Advanced Deposit Fund with the corresponding unsettled deposits liability recorded on its statement of fiduciary assets and liabilities at June 30, 2015, we were unable to satisfy ourselves, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 2015. The effect on the financial statements of not reconciling these individual suit balances cannot be reasonably determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Agency Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency Fund of the Clerk of Court, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information other than the Advanced Deposit Fund of the Clerk of Court, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the basic financial statements, in 2015, the Clerk adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 38 and the schedule of funding progress, employer's share of net pension liability and employer contributions on pages 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

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

The combining and comparative statements on pages 44, 46, 51, and 52 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these combining and comparative statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative information on the combining and comparative statements has been derived from the Clerk of Court's 2014 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they have been derived.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016, on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

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

Lafayette, Louisiana
January 4, 2016

BASIC FINANCIAL STATEMENTS

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Net Position
June 30, 2015

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| ASSETS | |
| Current assets: | |
| Cash and interest-bearing deposits | \$ 4,669,142 |
| Receivables, net | <u>107,899</u> |
| Total current assets | 4,777,041 |
| Noncurrent assets: | |
| Capital assets, net | <u>377,536</u> |
| TOTAL ASSETS | <u>5,154,577</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>2,986,916</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 248,345 |
| Accrued expenses | 22,971 |
| Accrued payroll liabilities | 393,371 |
| Accrued health insurance claims | 441,892 |
| Due to other governments | <u>182,340</u> |
| Total current liabilities | <u>1,288,919</u> |
| Noncurrent liabilities: | |
| Compensated absences | 766,692 |
| Net OPEB obligation | 3,802,430 |
| Net pension liability | <u>10,748,977</u> |
| Total noncurrent liabilities | <u>15,318,099</u> |
| TOTAL LIABILITIES | <u>16,607,018</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>2,725,856</u> |
| NET POSITION | |
| Net investment in capital assets | 377,536 |
| Unrestricted (deficit) | <u>(11,568,917)</u> |
| TOTAL NET POSITION | <u>\$ (11,191,381)</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Activities
For the Year Ended June 30, 2015

| Activities | Expenses | Program Revenues | | Net (Expense) Revenues and Changes in Net Position Governmental Activities |
|---|---------------|-------------------------|---------------------------------------|---|
| | | Charges for Services | Operating Grants and Contributions | |
| Governmental activities: | | | | |
| General government | \$ 15,219,633 | \$ 12,624,378 | \$ 356,640 | \$ (2,238,615) |
| General revenues: | | | | |
| Interest and investment earnings | | | | 105,935 |
| Non-employer pension contribution | | | | <u>771,967</u> |
| Total general revenues and transfers | | | | 877,902 |
| Change in net position | | | | (1,360,713) |
| Net position (deficit) as restated - July 1, 2014 | | | | <u>(9,830,668)</u> |
| Net position (deficit) - June 30, 2015 | | | | <u>\$ (11,191,381)</u> |

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

FUND FINANCIAL STATEMENTS (FFS)

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Balance Sheet - Governmental Fund
June 30, 2015

| | <u>General Fund</u> |
|---|---------------------|
| ASSETS | |
| Cash and interest-bearing deposits | \$ 4,669,142 |
| Accounts receivable, net of allowance for doubtful accounts of \$28,849 | <u>107,899</u> |
| Total assets | <u>\$ 4,777,041</u> |
| LIABILITIES AND FUND BALANCE | |
| Liabilities: | |
| Accounts payable | \$ 248,345 |
| Accrued expenses | 22,971 |
| Accrued payroll liabilities | 393,371 |
| Accrued health insurance claims | 441,892 |
| Due to other governments | <u>182,340</u> |
| Total liabilities | <u>1,288,919</u> |
| Fund balance: | |
| Unassigned | <u>3,488,122</u> |
| Total liabilities and fund balance | <u>\$ 4,777,041</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2015

| | | |
|--|---------------------|------------------------|
| Total fund balance for the governmental fund at June 30, 2015 | | \$ 3,488,122 |
| Cost of capital assets at June 30, 2015 | \$ 9,072,464 | |
| Less: Accumulated depreciation | <u>(8,694,928)</u> | 377,536 |
| The deferred outflows of contributions for the clerk employees' retirement system are not available resources, and therefore, are not reported in the funds | | 2,986,916 |
| Noncurrent liabilities at June 30, 2015: | | |
| Compensated absences payable | (766,692) | |
| Net OPEB obligation payable | (3,802,430) | |
| Net pension payable | <u>(10,748,977)</u> | (15,318,099) |
| The deferred inflows of contributions for the clerk employees' retirement system are not payable from current expendable resources and, therefore, are not reported in the funds | | <u>(2,725,856)</u> |
| Net position (deficit) at June 30, 2015 | | <u>\$ (11,191,381)</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2015

| | <u>General Fund</u> |
|---|---------------------|
| Revenues: | |
| Fees, charges and commissions for services: | |
| Recordings | \$ 3,555,937 |
| Uniform Commercial Code fees | 237,519 |
| Cancellations | 479,915 |
| Mortgage certificates | 34,722 |
| Court attendance | 91,792 |
| Photocopies | 1,138,858 |
| Fines and forfeitures | 482,969 |
| Suits and successions | 6,215,725 |
| Other fees | 314,134 |
| Intergovernmental | 356,640 |
| Licenses | 72,807 |
| Interest revenue | 105,935 |
| Total revenues | <u>13,086,953</u> |
| Expenditures: | |
| Current - | |
| Personnel services and related benefits | 12,714,797 |
| Materials and supplies | 336,175 |
| Operating services | 1,298,546 |
| Auto and travel | 49,624 |
| Capital outlay | <u>9,397</u> |
| Total expenditures | <u>14,408,539</u> |
| Deficiency of revenues over expenditures | (1,321,586) |
| Fund balance, beginning of year | <u>4,809,708</u> |
| Fund balance, end of year | <u>\$ 3,488,122</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2015

| | | |
|--|------------------------------|----------------------|
| Total net change in fund balance for the year ended June 30, 2015 per Statement of Revenues, Expenditures, and Changes in Fund Balance | | \$(1,321,586) |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> <p>Capital outlay which is considered an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balance</p> | | |
| Depreciation expense for the year ended June 30, 2015 | \$ 9,397 <u>(218,722)</u> | (209,325) |
| Compensated absences at June 30, 2015 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure | | 12,578 |
| <p>Differences between the amount reported as expenses in the statement of activities and those reported as expenditures in the fund financial statements</p> | | |
| OPEB benefits | (327,234) | |
| Pension expense | <u>(287,113)</u> | (614,347) |
| Nonemployer's contributions to the clerk employees pension plan | | <u>771,967</u> |
| Total change in net position for the year ended June 30, 2015 per Statement of Activities | | <u>\$(1,360,713)</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Fiduciary Assets and Liabilities
June 30, 2015

| | <u>Agency Funds</u> |
|-----------------------------|----------------------|
| ASSETS | |
| Cash | \$ 33,355,699 |
| Interest-bearing deposits | 18,122,182 |
| Accounts receivable | <u>503,883</u> |
| Total assets | <u>\$ 51,981,764</u> |
| LIABILITIES | |
| Due to litigants and others | <u>\$ 51,981,764</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

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

The following is a summary of certain significant accounting policies:

A. Organization and Nature of Operations

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

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

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

B. Basis of Statement Presentation

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

Government-Wide Financial Statements (GWFS)

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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

Fund Financial Statements (FFS)

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

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

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

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

Governmental Fund -

General Fund

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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

Fiduciary Funds -

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

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

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

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Basis of Accounting

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

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

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

Cash and interest-bearing deposits

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

Investments

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

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Receivables

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Compensated Absences

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

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

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

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

At June 30, 2015, employees of the Clerk had accumulated and vested \$766,692 of annual leave benefits, which was computed in accordance with professional standards.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity Classifications

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

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

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

- a. Nonspendable -- amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Clerk of Court, which is the highest level of decision-making authority for the Clerk of Court.

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

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

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

R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay the parish treasurer the portion of the General Fund’s fund balance that exceeds one-half of the revenues of the clerk’s last year of his term of office. This payment is limited to no more than that which was received by the clerk in accordance with R.S. 13:784(A) during said term of office. At June 30, 2015, there was no amount due to the parish treasurer because the General Fund’s fund balance at June 30, 2015 did not exceed one-half of the revenues of the General Fund for the last year of the clerk’s four-year term of office.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

Governmental Funds – By Character and Function

F. Bad Debts

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

G. 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.

H. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Clerk of Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk of Court may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2015, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$56,147,023 as follows:

| | Governmental Activities | Fiduciary Funds | Total |
|--------------------------------|----------------------------|----------------------|----------------------|
| Cash | \$ 3,030 | \$ 33,355,699 | \$ 33,358,729 |
| Time and money market deposits | 4,666,112 | 18,122,182 | 22,788,294 |
| Total | <u>\$ 4,669,142</u> | <u>\$ 51,477,881</u> | <u>\$ 56,147,023</u> |

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Clerk of Court's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) at June 30, 2015, and the related federal insurance and pledged securities:

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

| | |
|--|----------------------|
| Bank balances | <u>\$ 56,821,050</u> |
| Federal insurance | \$ 18,872,182 |
| Pledged securities | <u>37,948,868</u> |
| Total federal insurance and pledged securities | <u>\$ 56,821,050</u> |

Deposits in the amount of \$37,948,868 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Clerk of Court's name. The Clerk of Court does not have a formal written policy for custodial credit risk.

(3) Accounts Receivable

Accounts receivable at June 30, 2015 consisted of the following:

| | |
|----------------|------------------|
| General Fund: | |
| Trade accounts | \$ 28,839 |
| Miscellaneous | 72,432 |
| NSF checks | <u>6,628</u> |
| Total | <u>\$107,899</u> |

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2015 is as follows:

| | Balance 07/01/14 | Additions | Deletions | Balance 06/30/15 |
|--|---------------------|--------------------|-------------|---------------------|
| Furniture, equipment, and improvements | \$9,063,067 | \$ 9,397 | \$ - | \$9,072,464 |
| Less: Accumulated depreciation | <u>8,476,206</u> | <u>218,722</u> | <u>-</u> | <u>8,694,928</u> |
| Net capital assets | <u>\$ 586,861</u> | <u>\$(209,325)</u> | <u>\$ -</u> | <u>\$ 377,536</u> |

Depreciation expense of \$218,722 was charged to the general government function in the Statement of Activities.

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

(5) Payables and Due to Other Governments

Amounts payable and due to other governments at June 30, 2015 consisted of the following:

| | |
|-------------------------------------|-------------------|
| Accounts payable: | |
| Trade payables | \$ 77,014 |
| Escrow accounts | <u>171,331</u> |
| Total accounts payable | <u>\$ 248,345</u> |
| Due to other governments: | |
| Due to 19th Judicial District Court | |
| Judicial Expense Building Fund | <u>\$ 182,340</u> |

(6) Changes in Compensated Absences

The following is a summary of compensated absences transactions of the Clerk of Court for the year ended June 30, 2015:

| | Balance July 1, 2014 | Additions | Reductions | Balance June 30, 2015 |
|--------------------------|-------------------------|-------------|------------------|--------------------------|
| Governmental activities: | | | | |
| Compensated absences | <u>\$ 779,270</u> | <u>\$ -</u> | <u>\$ 12,578</u> | <u>\$ 766,692</u> |

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

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

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

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

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

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

Funding Policy: The contribution requirements of the employees/retirees and the Clerk are established in the annual operating budget and may be amended. The contributions are based on projected pay-as-you-go financing. The employer contribution to the OPEB plan for 2015 totaled \$722,689. Plan members receiving benefits contributed approximately 70% of the total premiums.

Annual OPEB Cost: The Clerk's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the July 1, 2014, actuarial valuations performed by an outside actuary consultant.

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

| | |
|---------------------------------------|---------------------|
| Annual required contribution (ARC) | \$ 1,052,448 |
| Interest on net OPEB obligation | 121,632 |
| Adjustment to ARC | <u>(124,157)</u> |
| Annual OPEB cost (expense) | 1,049,923 |
| Less: contributions made | <u>(722,689)</u> |
| Increase in net OPEB obligation | 327,234 |
| Net OPEB obligation-beginning of year | <u>3,475,196</u> |
| Net OPEB obligation-end of year | <u>\$ 3,802,430</u> |

The Clerk of Court's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---|---------------------------|
| 6/30/2013 | \$ 829,699 | 91.10% | \$3,123,319 |
| 6/30/2014 | \$ 829,645 | 57.60% | \$3,475,196 |
| 6/30/2015 | \$1,049,923 | 68.80% | \$3,802,430 |

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

Funding Status and Funding Progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability (AAL) for benefits was \$20,909,374 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Clerk are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

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

The Entry-Age Normal Actuarial Cost Method was used for July 1, 2014, actuarial valuation. Because the Clerk currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investments that are expected to be used in financing the payment of benefits). The actuarial assumptions included 3.5% investment rate of return, compounded annually. Life expectancies were based on the 1994 Uninsured Pensioner Mortality Table (1-year setback for both males and females). Turnover rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan valuations, adjusted to be consistent with recent Clerk experience. Retirement rates were based on the Clerks' of Court Retirement & Relief Fund's pension plan retirement tables, adjusted to be consistent with recent Clerk retirements.

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

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(8) Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund, and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That 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.

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

EAST BATON ROUGE PARISH CLERK OF COURT

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Notes to the Basic Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

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

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

Deferred Retirement Option Plan: In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to thirty-six months and defer the receipt of benefits. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan.

The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account.

Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments into the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

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

The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

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

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied by the cost of living amount which cannot exceed \$1.

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

Contributions: According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2014, the actual employer contribution rate was 18.50%. For the year ended June 30, 2014, the actuarially determined employer contribution rate was 18.43%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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

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

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year. The employers' projected contribution effort was actuarially determined by the Lund's actuary, G.S. Curran & Company.

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Notes to the Basic Financial Statements (Continued)

The employers' projected contribution effort was calculated by multiplying the projected future compensation of active members in the Fund on June 30, 2014 by the next fiscal year's employers' actuarially required contribution rate. Projected future compensation was calculated by multiplying compensation by a payroll factor of 1.024. Compensation was determined as follows:

- a. Actual earned compensation for active members enrolled in the Fund the entire fiscal year, plus;
- b. Annualized compensation for active members on June 30, 2014 enrolled in the Fund for a portion of the fiscal year. Annualized compensation was calculated using actual compensation and the employee's date of hire.

The payroll factor was actuarially determined using salary assumptions for expected net changes in active members plus expected new hires and their payroll over the next fiscal year.

The next fiscal year's employers' actuarially required contribution rate is 17.30%.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the Clerk reported a liability of \$10,748,977 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Clerk's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2014, the Clerk's proportion was 7.968925%, which was an increase of .52686% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Clerk recognized pension expense of \$1,624,136 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$1,309. At June 30, 2015, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 217,944 |
| Change of assumptions | 953,697 | - |
| Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 696,196 | 5,235 |
| Net differences between projected and actual earnings on plan investments | - | 2,502,677 |
| Contributions subsequent to the measurement date | 1,337,023 | - |
| Total | \$ 2,986,916 | \$ 2,725,856 |

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Notes to the Basic Financial Statements (Continued)

Deferred outflows of resources of \$1,337,023 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | | |
|-----------------------|--|----------------|
| 2016 | | \$ (412,473) |
| 2017 | | (412,473) |
| 2018 | | (412,473) |
| 2019 | | (412,474) |
| | | \$ (1,649,893) |

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

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

| | | |
|-------------------------------|-------|--|
| Inflation | 2.75% | |
| Salary Increases (merit only) | 3.00% | |
| Investment rate of return | 7.25% | |
| Mortality rates | | RP-2000 Combined Healthy Mortality Table (set back 3 years for males and 1 year for females) RP-2000 Disabled Lives Mortality Table |
| Cost of Living Adjustments | | The present value of future retirement benefits is based on benefits currently being paid by the Fund and included previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantially automatic. |

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

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Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 7.25%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.25% or one percentage point higher 8.25% than the current rate.

| | 1% Decrease 6.25% | Current Discount Rate 7.25% | 1% Increase 8.25% |
|-----------------------|-------------------------|--------------------------------------|-------------------------|
| Net Pension Liability | \$ 206,720,582 | \$ 134,886,176 | \$ 73,798,479 |

Change in Net Pension Liability: The changes in the net pension liability for the year ended June 30, 2014 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$3,418,653 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$683,731 and \$2,734,922, respectively.

Differences between Projected and Actual Investment Earning – Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$39,256,798 for the year ended June 30, 2014. Pension benefit and remaining deferred inflow for the year ended June 30, 2014 was \$7,851,360 and \$31,405,438, respectively.

Changes of Assumptions or Other Inputs - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$14,959,618 for the year ended June 30, 2014. Pension expense and remaining deferred outflow of resources for the year ended June 30, 2014 was \$2,991,924 and \$11,967,694, respectively.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

Change in Proportion - Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

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

Funding Policy: Plan members are required by state statute to contribute 8.25% of their annual covered salary and the Clerk of Court is required to contribute at an actuarially determined rate. The rate as of June 30, 2015 was 19.00% of annual covered payroll. Effective July 1, 2013, the Clerk of Court has elected to pay the member's share of the required contribution equal to 8.25% of their annual covered salary. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk of Court are established and may be amended by state statute. As provided by R.S. 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 Clerk of Court's contributions to the System for the years ended June 30, 2015, 2014, and 2013 were \$1,190,528, \$1,319,723, and \$1,116,533, respectively.

(9) Risk Management

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

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

The Clerk provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$60,000 per insured per year. The Clerk purchases commercial insurance for claims in excess of this annual threshold. Several claims exceeded the commercial threshold during the fiscal year ended June 30, 2015.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

The claims liabilities of \$441,892 reported at June 30, 2015, is based on the requirement of Government Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

| | |
|--|--------------------|
| Unpaid claims and claim adjustment expenses at beginning of year | <u>\$1,658,511</u> |
| Incurred claims and claim adjustment expenses: | |
| Provision for insured events of the current fiscal year | 2,944,676 |
| Increase (decrease) in provision for insured events of prior fiscal years | <u>301,036</u> |
| Total incurred claims and claim adjustment expenses | <u>3,245,712</u> |
| Payments: | |
| Claims and claim adjustment expenses attributable to insured events of the current fiscal year | 2,502,784 |
| Claims and claim adjustment expenses attributable to insured events of prior fiscal years | <u>1,959,547</u> |
| Total payments | <u>4,462,331</u> |
| Unpaid claims and claim adjustment expenses at end of year | <u>\$ 441,892</u> |

(10) Changes in Fiduciary Fund Unsettled Deposits

A summary of changes in agency fund unsettled deposits follows:

| | <u>Unsettled Deposits at July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Unsettled Deposits at June 30, 2015</u> |
|------------------------|---|----------------------|---------------------|--|
| Advance Deposit Fund | \$32,944,130 | \$ 16,775,037 | \$14,591,228 | \$ 35,127,939 |
| Registry of Court Fund | 32,956,750 | 6,526,674 | 24,641,054 | 14,842,370 |
| Bond Fund | <u>2,056,125</u> | <u>14,726</u> | <u>59,396</u> | <u>2,011,455</u> |
| Totals | <u>\$67,957,005</u> | <u>\$ 23,316,437</u> | <u>\$39,291,678</u> | <u>\$ 51,981,764</u> |

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(11) Deferred Compensation Plan

The Clerk adopted two Internal Revenue Code Section 457 deferred compensation plans, one in November 1993 and the other in September 1997. The plans, available to all Clerk employees, permit them to defer a portion of their salary until future periods. Participation in the plan is optional. Effective with the first payroll in 2005, the Clerk has offered a match up to 6% of employee contributions. To be eligible for the matching contribution, eligible employees must be full-time staff with benefits who are vested in the Louisiana Clerks of Court Retirement and Relief Fund. The Clerk's contributions for the year ending June 30, 2015 was \$159,009.

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

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

Certain operating expenditures of the Clerk's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements. The City Parish government paid juror and witness fees expenditures of \$396,925 for the year ending June 30, 2015.

(13) Leases

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2015, the Clerk of Court had no capital leases in effect.

The Clerk of Court has entered into various operating leases for machinery, vehicles, office space and warehouse space on various dates. The lease terms range from month to month and from one year to thirty-six months. These leases require a total monthly payment of \$24,132. Total rent expense under these leases for the year ended June 30, 2015 is \$289,420.

Future minimum lease payments are as follows:

| <u>Year ending</u> <u>June 30, 2015</u> | |
|--|------------------|
| 2016 | \$ 23,092 |
| 2017 | 11,311 |
| 2018 | <u>10,250</u> |
| | <u>\$ 44,653</u> |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(14) Litigation

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

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

| | |
|--|-----------------------|
| Salary | \$ 164,097 |
| Benefits - retirement | 30,174 |
| Vehicle provided by government | 11,264 |
| Per diem | 644 |
| Conference travel | 2,548 |
| Continuing professional education fees | 1,119 |
| Special meals | <u>2,368</u> |
| Total | <u>\$ 212,214</u> |

(16) New Accounting Pronouncement

In June 2012, the GASB approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. The provisions of GASB Statement No. 68 were implemented by the Clerk of Court during the year ending June 30, 2015. The Statement established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. This resulted in a restatement of previously reported net pension as follows:

| | |
|---|----------------------|
| July 1, 2014 net position, as previously reported | \$ 1,142,103 |
| Change in accounting principle: | |
| Net effect of recording net pension liability | <u>(10,972,771)</u> |
| July 1, 2014 net position (deficit), as restated | <u>\$(9,830,668)</u> |

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

| | Budget | | Actual | Variance with |
|--|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| Revenues: | | | | |
| Fees, charges and commissions for services: | | | | |
| Recordings | \$ 3,837,000 | \$ 3,430,000 | \$ 3,555,937 | \$ 125,937 |
| Uniform Commercial Code fees | 225,000 | 245,000 | 237,519 | (7,481) |
| Cancellations | 566,000 | 470,000 | 479,915 | 9,915 |
| Mortgage certificates | 43,000 | 34,000 | 34,722 | 722 |
| Court attendance | 50,000 | 100,000 | 91,792 | (8,208) |
| Photocopies | 1,147,000 | 1,130,000 | 1,138,858 | 8,858 |
| Fines and forfeitures | 342,000 | 352,000 | 482,969 | 130,969 |
| Suits and successions | 6,055,000 | 6,010,000 | 6,215,725 | 205,725 |
| Other fees | 284,000 | 399,000 | 314,134 | (84,866) |
| Intergovernmental | 250,000 | 250,000 | 356,640 | 106,640 |
| Licenses | 65,000 | 70,000 | 72,807 | 2,807 |
| Interest revenue | 80,000 | 75,000 | 105,935 | 30,935 |
| Total revenues | <u>12,944,000</u> | <u>12,565,000</u> | <u>13,086,953</u> | <u>521,953</u> |
| Expenditures: | | | | |
| Current - | | | | |
| General government: | | | | |
| Personnel services and related benefits | 11,691,212 | 13,613,300 | 12,714,797 | 898,503 |
| Materials and supplies | 362,000 | 394,000 | 336,175 | 57,825 |
| Operating services | 837,700 | 1,332,000 | 1,298,546 | 33,454 |
| Auto and travel | 52,000 | 55,000 | 49,624 | 5,376 |
| Capital outlay | - | 50,000 | 9,397 | 40,603 |
| Total expenditures | <u>12,942,912</u> | <u>15,444,300</u> | <u>14,408,539</u> | <u>1,035,761</u> |
| Excess (deficiency) of revenues over expenditures | 1,088 | (2,879,300) | (1,321,586) | 1,557,714 |
| Fund balance, beginning of year | <u>4,809,708</u> | <u>4,809,708</u> | <u>4,809,708</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 4,810,796</u> | <u>\$ 1,930,408</u> | <u>\$ 3,488,122</u> | <u>\$ 1,557,714</u> |

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2015

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Louisiana Clerks' of Court Retirement and Relief Fund
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2015*

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--|---|--|
| 2015 | 7.968925% | \$10,748,977 | \$6,214,037 | 173.0% | 79.37% |

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

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Louisiana Clerks' of Court Retirement and Relief Fund
Schedule of Employer Contributions
For the Year Ended June 30, 2015

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contributions | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---------------------------|---|---|--|--|--|
| 2015 | \$ 1,337,023 | \$ 1,337,023 | \$ - | \$7,036,963 | 19.00% |

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to Required Supplementary Information

(1) Budgets and Budgetary Accounting

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

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

(2) Pension Plans

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized on pension expense using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**OTHER
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Comparative Statement of Net Position
June 30, 2015 and 2014

| | Governmental Activities | |
|-------------------------------------|-------------------------|--------------|
| | 2015 | 2014 |
| ASSETS | | |
| Current assets: | | |
| Cash and interest-bearing deposits | \$ 4,669,142 | \$ 6,542,409 |
| Receivables | 107,899 | 887,041 |
| Total current assets | 4,777,041 | 7,429,450 |
| Noncurrent assets: | | |
| Capital assets, net | 377,536 | 586,861 |
| Total assets | 5,154,577 | 8,016,311 |
| DEFERRED OUTFLOWS OF RESOURCES | 2,986,916 | - |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 248,345 | 341,038 |
| Accrued expenses | 22,971 | 22,480 |
| Accrued payroll liabilities | 393,371 | 417,923 |
| Accrued health insurance claims | 441,892 | 1,658,511 |
| Due to other governments | 182,340 | 179,790 |
| Total current liabilities | 1,288,919 | 2,619,742 |
| Noncurrent liabilities: | | |
| Compensated absences payable | 766,692 | 779,270 |
| Net OPEB obligation | 3,802,430 | 3,475,196 |
| Net pension liability | 10,748,977 | - |
| Total noncurrent liabilities | 15,318,099 | 4,254,466 |
| Total liabilities | 16,607,018 | 6,874,208 |
| DEFERRED INFLOWS OF RESOURCES | 2,725,856 | - |
| NET POSITION | | |
| Net investment in capital assets | 377,536 | 586,861 |
| Unrestricted net position (deficit) | (11,568,917) | 555,242 |
| Total net position | \$ (11,191,381) | \$ 1,142,103 |

GENERAL FUND

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

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

Comparative Balance Sheet
 June 30, 2015 and 2014

| | 2015 | 2014 |
|--|--------------|--------------|
| ASSETS | | |
| Cash and interest-bearing deposits | \$ 4,669,142 | \$ 6,542,409 |
| Accounts receivable, net allowance for doubtful accounts of \$28,849 | 107,899 | 887,041 |
| Total assets | \$ 4,777,041 | \$ 7,429,450 |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Accounts payable | \$ 248,345 | \$ 341,038 |
| Accrued expenses | 22,971 | 22,480 |
| Accrued payroll liabilities | 393,371 | 417,923 |
| Accrued health insurance claims | 441,892 | 1,658,511 |
| Due to other governments | 182,340 | 179,790 |
| Total liabilities | 1,288,919 | 2,619,742 |
| Fund balance: | | |
| Unassigned | 3,488,122 | 4,809,708 |
| Total liabilities and fund balance | \$ 4,777,041 | \$ 7,429,450 |

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

Budgetary Comparison Schedule -
Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

| | 2015 | | | Variance with Final Budget Positive (Negative) | 2014 Actual |
|---|---------------------|---------------------|---------------------|---|---------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Revenues: | | | | | |
| Fees, charges and commissions for services: | | | | | |
| Recordings | \$ 3,837,000 | \$ 3,430,000 | \$ 3,555,937 | \$ 125,937 | \$ 3,534,972 |
| Uniform Commercial Code fees | 225,000 | 245,000 | 237,519 | (7,481) | 225,571 |
| Cancellations | 566,000 | 470,000 | 479,915 | 9,915 | 507,650 |
| Mortgage certificates | 43,000 | 34,000 | 34,722 | 722 | 40,589 |
| Court attendance | 50,000 | 100,000 | 91,792 | (8,208) | 101,275 |
| Photocopies | 1,147,000 | 1,130,000 | 1,138,858 | 8,858 | 1,125,167 |
| Fines and forfeitures | 342,000 | 352,000 | 482,969 | 130,969 | 457,863 |
| Suits and successions | 6,055,000 | 6,010,000 | 6,215,725 | 205,725 | 5,999,712 |
| Other fees | 284,000 | 399,000 | 314,134 | (84,866) | 215,114 |
| Intergovernmental | 250,000 | 250,000 | 356,640 | 106,640 | 417,596 |
| Licenses | 65,000 | 70,000 | 72,807 | 2,807 | 71,061 |
| Interest revenue | 80,000 | 75,000 | 105,935 | 30,935 | 106,383 |
| Total revenues | <u>12,944,000</u> | <u>12,565,000</u> | <u>13,086,953</u> | <u>521,953</u> | <u>12,802,953</u> |
| Expenditures: | | | | | |
| Current - | | | | | |
| General government: | | | | | |
| Personnel services and related benefits | 11,691,212 | 13,613,300 | 12,714,797 | 898,503 | 12,819,150 |
| Materials and supplies | 362,000 | 394,000 | 336,175 | 57,825 | 377,882 |
| Operating services | 837,700 | 1,332,000 | 1,298,546 | 33,454 | 1,270,400 |
| Auto and travel | 52,000 | 55,000 | 49,624 | 5,376 | 62,929 |
| Capital outlay | - | 50,000 | 9,397 | 40,603 | 165,172 |
| Total expenditures | <u>12,942,912</u> | <u>15,444,300</u> | <u>14,408,539</u> | <u>1,035,761</u> | <u>14,695,533</u> |
| Excess (deficiency) of revenues over expenditures | 1,088 | (2,879,300) | (1,321,586) | 1,557,714 | (1,892,580) |
| Fund balance, beginning of year | <u>4,809,708</u> | <u>4,809,708</u> | <u>4,809,708</u> | <u>-</u> | <u>6,702,288</u> |
| Fund balance, end of year | <u>\$ 4,810,796</u> | <u>\$ 1,930,408</u> | <u>\$ 3,488,122</u> | <u>\$ 1,557,714</u> | <u>\$ 4,809,708</u> |

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

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

| | 2015 | | | | |
|--|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| | Budget | | Actual | Variance - Positive (Negative) | 2014 Actual |
| | Original | Final | | | |
| Fees, charges, and commissions for services: | | | | | |
| Recordings | \$ 3,837,000 | \$ 3,430,000 | \$ 3,555,937 | \$ 125,937 | \$ 3,534,972 |
| Uniform Commercial Code fees | 225,000 | 245,000 | 237,519 | (7,481) | 225,571 |
| Cancellations | 566,000 | 470,000 | 479,915 | 9,915 | 507,650 |
| Mortgage certificates | 43,000 | 34,000 | 34,722 | 722 | 40,589 |
| Court attendance | 50,000 | 100,000 | 91,792 | (8,208) | 101,275 |
| Photocopies | 1,147,000 | 1,130,000 | 1,138,858 | 8,858 | 1,125,167 |
| Fines and forfeitures | 342,000 | 352,000 | 482,969 | 130,969 | 457,863 |
| Suits and successions | 6,055,000 | 6,010,000 | 6,215,725 | 205,725 | 5,999,712 |
| Other fees: | | | | | |
| Passports | 104,000 | 100,000 | 114,747 | 14,747 | 142,711 |
| Extract of court minutes | - | - | 23,470 | 23,470 | 24,480 |
| Credit card fees | - | - | 37,605 | 37,605 | 35,316 |
| Portal fees | - | - | 124,712 | 124,712 | - |
| Miscellaneous | 180,000 | 299,000 | 13,600 | (285,400) | 12,607 |
| Total fees, charges, and commissions for services | <u>12,549,000</u> | <u>12,170,000</u> | <u>12,551,571</u> | <u>381,571</u> | <u>12,207,913</u> |
| Intergovernmental: | | | | | |
| Reimbursed election expenses | - | - | 125,943 | 125,943 | 138,181 |
| City/Parish budget allocation | 250,000 | 250,000 | 230,697 | (19,303) | 279,415 |
| Total intergovernmental | <u>250,000</u> | <u>250,000</u> | <u>356,640</u> | <u>106,640</u> | <u>417,596</u> |
| Licenses | <u>65,000</u> | <u>70,000</u> | <u>72,807</u> | <u>2,807</u> | <u>71,061</u> |
| Interest revenue | <u>80,000</u> | <u>75,000</u> | <u>105,935</u> | <u>30,935</u> | <u>106,383</u> |
| Total revenues | <u>\$ 12,944,000</u> | <u>\$ 12,565,000</u> | <u>\$ 13,086,953</u> | <u>\$ 521,953</u> | <u>\$ 12,802,953</u> |

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

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2015
With Comparative Actual Amounts for the Year Ended June 30, 2014

| | 2015 | | | Variance - Positive (Negative) | 2014 Actual |
|---|----------------------|----------------------|----------------------|--------------------------------------|----------------------|
| | Budget | | Actual | | |
| | Original | Final | | | |
| Expenditures: | | | | | |
| Current - | | | | | |
| Personnel services and related benefits: | | | | | |
| Salaries | \$ 7,097,500 | \$ 7,625,000 | \$ 7,627,069 | \$ (2,069) | \$ 7,690,837 |
| Clerk's expense allowance | 12,000 | 15,000 | 14,612 | 388 | 14,116 |
| Clerk's supplemental fund | 50,000 | 50,000 | 49,800 | 200 | 49,650 |
| Payroll taxes | 120,781 | 128,000 | 125,623 | 2,377 | 125,736 |
| Retirement | 1,804,631 | 1,851,000 | 1,856,240 | (5,240) | 1,835,365 |
| Group insurance | 2,563,000 | 3,910,000 | 3,018,283 | 891,717 | 3,065,734 |
| Worker's compensation | 39,000 | 30,000 | 25,125 | 4,875 | 35,584 |
| Unemployment | 4,300 | 4,300 | (1,955) | 6,255 | 2,128 |
| Total personnel services and related benefits | <u>11,691,212</u> | <u>13,613,300</u> | <u>12,714,797</u> | <u>898,503</u> | <u>12,819,150</u> |
| Materials and supplies: | | | | | |
| Printing and binding | 101,000 | 73,000 | 93,597 | (20,597) | 109,253 |
| Judges' supplies | 61,000 | 129,000 | 97,544 | 31,456 | 49,829 |
| Computer expenses | 56,000 | 71,000 | 26,596 | 44,404 | 72,520 |
| Office supplies | 129,000 | 113,000 | 107,895 | 5,105 | 134,664 |
| Repairs and maintenance | 15,000 | 8,000 | 10,543 | (2,543) | 11,616 |
| Total materials and supplies | <u>362,000</u> | <u>394,000</u> | <u>336,175</u> | <u>57,825</u> | <u>377,882</u> |
| Operating services: | | | | | |
| Accounting | 100,000 | 100,000 | 91,271 | 8,729 | 85,459 |
| Advertising | 3,000 | 500 | 699 | (199) | 1,807 |
| Archives and record retention | 82,000 | 107,000 | 105,734 | 1,266 | 90,056 |
| Computer software and services | 50,000 | 450,000 | 299,023 | 150,977 | 353,220 |
| Insurance | 106,000 | 88,000 | 70,245 | 17,755 | 54,055 |
| Legal | 138,000 | 151,000 | 163,584 | (12,584) | 140,508 |
| Postage | 118,000 | 149,000 | 152,956 | (3,956) | 132,967 |
| Telephone | 78,000 | 71,000 | 80,345 | (9,345) | 85,212 |
| Equipment rental and leases | 41,000 | 63,000 | 54,848 | 8,152 | 44,862 |
| Judicial expense fund | 3,000 | 19,000 | 17,007 | 1,993 | 20,165 |
| Credit card fees | - | - | 37,056 | (37,056) | 34,589 |
| Office rent | 122,000 | 123,000 | 123,005 | (5) | 122,466 |
| Miscellaneous | (3,300) | 10,500 | 102,773 | (92,273) | 105,034 |
| Total operating services | <u>837,700</u> | <u>1,332,000</u> | <u>1,298,546</u> | <u>33,454</u> | <u>1,270,400</u> |
| Auto and travel | <u>52,000</u> | <u>55,000</u> | <u>49,624</u> | <u>5,376</u> | <u>62,929</u> |
| Capital outlay - | | | | | |
| Computer equipment | - | 50,000 | 9,397 | 40,603 | 165,172 |
| Total expenditures | <u>\$ 12,942,912</u> | <u>\$ 15,444,300</u> | <u>\$ 14,408,539</u> | <u>\$ 1,035,761</u> | <u>\$ 14,695,533</u> |

FIDUCIARY FUNDS

Advance Deposit Fund -

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

Registry of Court Fund -

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

Bond Fund -

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

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

Combining Statement of Fiduciary Assets and Liabilities
June 30, 2015
With Comparative Totals for June 30, 2014

| | Advance Deposit Fund | Registry of Court Fund | Bond Fund | Totals | |
|------------------------------------|----------------------------|------------------------------|---------------------|----------------------|----------------------|
| | | | | 2015 | 2014 |
| ASSETS | | | | | |
| Cash | \$ 16,524,056 | \$ 14,825,373 | \$ 2,006,270 | \$ 33,355,699 | \$ 49,320,238 |
| Interest-bearing deposits | 18,100,000 | 16,997 | 5,185 | 18,122,182 | 18,122,164 |
| Accounts receivable | 503,883 | - | - | 503,883 | 514,604 |
| Total assets | <u>\$ 35,127,939</u> | <u>\$ 14,842,370</u> | <u>\$ 2,011,455</u> | <u>\$ 51,981,764</u> | <u>\$ 67,957,006</u> |
| LIABILITIES | | | | | |
| Due to taxing bodies and others | <u>\$ 35,127,939</u> | <u>\$ 14,842,370</u> | <u>\$ 2,011,455</u> | <u>\$ 51,981,764</u> | <u>\$ 67,957,006</u> |

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

Combining Statement of Changes in Fiduciary Unsettled Deposits
For the Year Ended June 30, 2015
With Comparative Totals For the Year Ended June 30, 2014

| | Advance Deposit Fund | Registry of Court Fund | Bond Fund | Totals | |
|---|----------------------------|------------------------------|---------------------|----------------------|----------------------|
| | | | | 2015 | 2014 |
| Balances, beginning of year | \$ 32,944,130 | \$ 32,956,750 | \$ 2,056,125 | \$ 67,957,005 | \$ 61,753,388 |
| Additions: | | | | | |
| Suits and successions | 16,775,037 | - | - | 16,775,037 | 16,858,221 |
| Judgments | - | 6,494,695 | 12,703 | 6,507,398 | 61,918,090 |
| Interest earned | - | 31,979 | 2,023 | 34,002 | 23,843 |
| Total additions | <u>16,775,037</u> | <u>6,526,674</u> | <u>14,726</u> | <u>23,316,437</u> | <u>78,800,154</u> |
| Reductions: | | | | | |
| Clerk's costs (transferred to General Fund) | 6,215,725 | - | - | 6,215,725 | 5,999,712 |
| Settlements to litigants | - | 24,641,054 | 59,396 | 24,700,450 | 58,039,530 |
| Refunds | 1,855,401 | - | - | 1,855,401 | 2,006,458 |
| Sheriff's fees | 1,034,609 | - | - | 1,034,609 | 950,853 |
| Judicial expense fund | 4,518,863 | - | - | 4,518,863 | 4,468,453 |
| Adjustment to accounts receivable | 13,376 | - | - | 13,376 | 202,066 |
| Other reductions | 953,254 | - | - | 953,254 | 929,464 |
| Total reductions | <u>14,591,228</u> | <u>24,641,054</u> | <u>59,396</u> | <u>39,291,678</u> | <u>72,596,536</u> |
| Balances, end of year | <u>\$ 35,127,939</u> | <u>\$ 14,842,370</u> | <u>\$ 2,011,455</u> | <u>\$ 51,981,764</u> | <u>\$ 67,957,006</u> |

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Clerk of Court's basic financial statements and have issued our report thereon dated January 4, 2016.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as items 2015-002 (IC), 2015-003 (IC), and 2015-004 (IC) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We have identified one compliance finding as item 2015-001(C) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

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

The East Baton Rouge Parish Clerk of Court's response to the finding identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan. The East Baton Rouge Parish Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

Lafayette, Louisiana
January 4, 2016

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2015

| Ref. No. | Fiscal Year Finding Initially Occurred | Description of Finding | Corrective Action Taken | Corrective Action Planned | Name of Contact Person | Completion Date |
|---------------------------|--|---|-------------------------|---|------------------------------|-----------------|
| CURRENT YEAR (6/30/15) -- | | | | | | |
| <u>Compliance:</u> | | | | | | |
| 2015-001 (C) | 6/30/2014 | State law requires audit reports to be completed and submitted to the Legislative Auditor's office within six months after the fiscal year. The Clerk of Court's audit report was due on December 31, 2015. Management did not ensure that accounts with material balances were properly and timely reconciled in order to allow for the performance of an audit of the financial statements and submission of the audit report within the mandated time frame. | Partial | Failure to submit the June 30, 2015 audit report within the required time frame was due to extenuating circumstances and is expected to be an isolated incident. In future periods, the Clerk of Court will make every effort to comply with reporting deadlines. | Doug Welborn, Clerk of Court | 6/30/2016 |
| <u>Internal Control:</u> | | | | | | |
| 2015-002 (IC) | 6/30/1980 | The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability. | No | The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2015. No differences in the disbursements from the fund or deposits to the fund occurred during the year. | Doug Welborn, Clerk of Court | N/A |
| 2015-003 (IC) | 6/30/2015 | During the course of the audit, it was noted that the Clerk's office had seven credit cards being utilized by various employees throughout the year, which increased the potential for abuse and fraud. The Clerk should consider limiting the number of credit cards to reduce the risk of abuse and fraud. | Yes | The Clerk's office has reduced the number of credit cards in use to two. One of those cards is held by the Clerk and the other is kept in Administrative Accounting for use by employees as necessary and is issued upon written request for specific purposes and returned to Administrative Accounting for safekeeping after use. | Doug Welborn, Clerk of Court | 12/31/2015 |

(continued)

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (continued)
Year Ended June 30, 2015

| <u>Ref. No.</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken</u> | <u>Corrective Action Planned</u> | <u>Name of Contact Person</u> | <u>Completion Date</u> |
|---------------------------|---|---|--------------------------------|---|---------------------------------|------------------------|
| CURRENT YEAR (6/30/15) -- | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2015-004 (IC) | 6/30/2015 | The Clerk of Court spent \$25,590 on 197 meals throughout fiscal year 2015. Assuming 250 work days in fiscal year 2015, the Clerk spent an average of \$102 per work day, which does not appear to be a reasonable use of public funds. The Clerk should consider substantially reducing the amount of public funds expended on meals in the future. Additionally, the Clerk was unable to locate 86 receipts which amounted to \$8,224 for various purchases during fiscal year 2015. The Clerk should take the appropriate measures to ensure that all purchases are substantiated by a receipt and effort should be taken to properly maintain the receipts. | Yes | The Clerk has significantly reduced the number and costs of meals paid for by the office. From May 2015 through December 2015 (8 months), the total spent for meals was \$2,020. Assuming 158 work days in those eight months, the average per work day is \$12.79. The files containing the credit card statements and related receipts were the subject of a number of public records requests in the months and weeks preceding the last election and handled by various members of the media and the Clerk's opponent. While the Clerk believes that most, if not all, of the receipts were originally filed with the appropriate statements, some of the receipts are now missing. Of the 86 receipts that were noted as missing by the auditors, 27 of the receipts totaling \$5,131 were located by the Clerk's staff in the files reviewed by the auditors but had been mismatched during the review process by third parties. The Clerk's office also was able to obtain copies of receipts from vendors for another 34 receipts totaling \$2,628. This left 25 receipts totaling \$450 as missing. Even though the Clerk is confident that the proper documentation for these missing items was present at one time, he has asked for and received reimbursements from the cardholder on whose card the missing receipts were charged, less \$15.43 charged by a former employee. | Doug Welborn, Clerk of Court | 5/1/2015 - 1/7/2016 |

(continued)

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (continued)
Year Ended June 30, 2015

| <u>Ref. No.</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken</u> | <u>Corrective Action Planned</u> | <u>Name of Contact Person</u> | <u>Completion Date</u> |
|----------------------------------|---|---|--------------------------------|--|---------------------------------|------------------------|
| <u>CURRENT YEAR (6/30/15) --</u> | | | | | | |
| <u>Management Letter:</u> | | | | | | |
| 2015-005 (ML) | 6/30/2015 | The Clerk of Court has a deficit of \$1,321,586 in fiscal year 2015 and had a deficit of \$1,892,580 in 2014. Payroll and related benefits represent approximately 88% of total expenditures and consideration should be given to reduce the amount expended on payroll and other benefits. Moreover, the Clerk should attempt to reduce total expenditures and increase revenues in the future in order to avoid further reductions in the fund balance. | Yes | The Clerk's ability to increase revenues is limited since most fees collected by the office are set by statute and require legislative approval for increases. The Clerk has initiated a reduction in force in order to reduce the potential for a deficit in the current fiscal year and to eliminate it in following years. This has resulted in the elimination of fifteen (15) positions on his staff. The annual savings anticipated as a result of this action is approximately \$874,000. In addition, three (3) senior employees retired at the end of fiscal year 2015 and have not been replaced. The annual savings as a result of these retirements is approximately \$270,000. Thus, the approximate total reduction in payroll and other benefits, on an annual basis, is anticipated to be \$1,144,000. | Doug Welborn, Clerk of Court | 7/31/15 - 1/7/2016 |
| <u>PRIOR YEAR (6/30/14) --</u> | | | | | | |
| <u>Internal Control:</u> | | | | | | |
| 2014-001 (C) | 6/30/2014 | State law requires audit reports to be completed and submitted to the Legislative Auditor's office within six months after the fiscal year. The Clerk of Court's audit report was due on December 31, 2014. Management did not ensure that accounts with material balances were properly and timely reconciled in order to allow for the performance of an audit of the financial statements and submission of the audit report within the mandated time frame. | Partial | Failure to submit the June 30, 2014 audit report within the required time frame was due to extenuating circumstances and is expected to be an isolated incident. In future periods, the Clerk of Court will make every effort to comply with reporting deadlines. | Doug Welborn, Clerk of Court | 6/30/2015 |
| 2014-002 (IC) | 6/30/1980 | The Clerk of Court has not reconciled the individual suit balances in the Clerk's Advance Deposit Fund with the corresponding unsettled deposits liability. | No | The Clerk's office implemented an accounting application to administer the Advanced Deposit Fund in 2006, which significantly improved the accounting measures used in the administration of the Advanced Deposit Fund. Additionally, the Clerk's office has continued to monitor the monthly deposits and disbursements during the year ended June 30, 2014. No differences in the disbursements from the fund or deposits to the fund occurred during the year. | Doug Welborn, Clerk of Court | N/A |