

EAST BATON ROUGE PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2013

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

Release Date **FEB 26 2014**

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INDEPENDENT AUDITORS' REPORT

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

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, 2013, 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. 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 net position at June 30, 2013, 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, 2013. 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, 2013, 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, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule and the schedule of funding progress on page 32 and 33, respectively, 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 35 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the budgetary comparison schedules, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The budgetary comparison schedules 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. The prior year comparative information on the other supplementary information has been derived from the Clerk of Court's 2012 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

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

Lafayette, Louisiana
December 17, 2013

BASIC FINANCIAL STATEMENTS

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and interest-bearing deposits	\$ 7,908,671
Receivables	<u>155,744</u>
Total current assets	8,064,415
Noncurrent assets:	
Capital assets, net	<u>750,421</u>
Total assets	<u>8,814,836</u>
LIABILITIES	
Current liabilities	
Accounts payable	282,907
Accrued expenses	22,264
Accrued payroll liabilities	295,008
Accrued health insurance claims	386,350
Due to other governments	<u>375,598</u>
Total current liabilities	<u>1,362,127</u>
Noncurrent liabilities	
Compensated absences payable	698,973
Net OPEB obligation	<u>3,123,319</u>
Total noncurrent liabilities	<u>3,822,292</u>
Total liabilities	<u>5,184,419</u>
NET POSITION	
Invested in capital assets	750,421
Unrestricted	<u>2,879,996</u>
Total net position	<u>\$ 3,630,417</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, 2013

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	\$ 13,905,074	\$ 13,399,526	\$ 319,055	\$ (186,493)
	General revenues			
	Interest and investment earnings			<u>91,265</u>
				(95,228)
				<u>3,725,645</u>
				<u>\$ 3,630,417</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, 2013

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$ 7,908,671
Accounts receivable	<u>155,744</u>
Total assets	<u>\$ 8,064,415</u>
LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable	\$ 282,907
Accrued expenses	22,264
Accrued payroll liabilities	295,008
Accrued health insurance claims	386,350
Due to other governments	<u>375,598</u>
Total liabilities	<u>1,362,127</u>
Fund balance.	
Unassigned	<u>6,702,288</u>
Total liabilities and fund balance	<u>\$ 8,064,415</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, 2013

Total fund balance for the governmental fund at June 30, 2013		\$ 6,702,288
Cost of capital assets at June 30, 2013	\$ 8,934,968	
Less. Accumulated depreciation	<u>(8,184,547)</u>	750,421
Long-term liabilities at June 30, 2013		
Compensated absences payable		(698,973)
Net OPEB obligation payable		<u>(3,123,319)</u>
Total net position of governmental activities at June 30, 2013		<u>\$ 3,630,417</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, 2013

	<u>General Fund</u>
Revenues	
Fees, charges and commissions for services	
Recordings	\$ 4,096,328
Uniform Commercial Code fees	222,988
Cancellations	619,510
Mortgage certificates	49,091
Court attendance	121,117
Photocopies	1,187,565
Fines and forfeitures	447,364
Suits and successions	6,402,957
Other fees	184,057
Intergovernmental	319,055
Licenses	68,549
Interest revenue	91,265
Total revenues	<u>13,809,846</u>
 Expenditures	
Current -	
General government	
Personnel services and related benefits	11,322,973
Materials and supplies	466,393
Operating services	1,402,081
Auto and travel	55,175
Capital outlay	82,974
Total expenditures	<u>13,329,596</u>
Excess of revenues over expenditures	480,250
 Fund balance, beginning of year	<u>6,222,038</u>
 Fund balance, end of year	<u>\$ 6,702,288</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, 2013

Total net change in fund balance for the year ended June 30, 2013 per Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 480,250
The change in net position reported for governmental activities in the statement of activities because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 82,974	
Depreciation expense for the year ended June 30, 2013	<u>(563,442)</u>	(480,468)
Compensated absences at June 30, 2013 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure		(20,446)
Net OPEB obligation at June 30, 2013 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure		<u>(74,564)</u>
Total net change in net position at June 30, 2013 per Statement of Activities		<u>\$ (95,228)</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 Net Position
June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 43,119,482
Interest-bearing deposits	18,131,359
Accounts receivable	<u>502,547</u>
Total assets	<u>\$ 61,753,388</u>
LIABILITIES	
Due to litigants and others	<u>\$ 61,753,388</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. 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 Net Position 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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, Liabilities, Deferred Inflows 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 governmental activities column 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

At June 30, 2013, employees of the Clerk had accumulated and vested \$698,973 of annual leave benefits, which was computed in accordance with professional standards.

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. There are no deferred inflows or outflows as of June 30, 2013.

Equity Classifications

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

- a Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

- 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
- 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, 2013, there was no amount due to the parish treasurer because the General Fund’s fund balance at June 30, 2013 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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

F **Budget Practices**

The proposed budget was made available for public inspection for the fiscal year beginning July 01, 2012 and ending June 30, 2013, on June 22, 2012 at the Clerk's office

The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 10 days prior to the public hearing. A public hearing was held at the Clerk's office on June 22, 2012, for comments from taxpayers. The proposed budget was legally adopted by the Clerk. All appropriations lapse at year-end.

Formal budget integration is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments, if any. For the fiscal year ended June 30, 2013, no amended budget was adopted.

G **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.

H **Clerk's Fees Transferred from Advance Deposit Agency Fund**

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

I. **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(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, 2013, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$69,159,512 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 3,330	\$ 43,119,482	\$ 43,122,812
Time and money market deposits	7,905,341	18,131,359	26,036,700
Total	\$ 7,908,671	\$ 61,250,841	\$ 69,159,512

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, 2013, and the related federal insurance and pledged securities:

Bank balances	\$ 69,859,605
Federal insurance	\$ 18,871,304
Pledged securities	50,988,301
Total federal insurance and pledged securities	\$ 69,859,605

Deposits in the amount of \$50,988,301 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(3) Accounts Receivable

Accounts receivable at June 30, 2013 consisted of the following

General Fund		
Trade accounts		\$ 47,231
Miscellaneous		102,453
NSF checks		<u>6,060</u>
Total		<u>\$155,744</u>

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2013 is as follows

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
Furniture, equipment, and improvements	\$ 8,929,482	\$ 82,974	\$ 77,488	\$ 8,934,968
Less Accumulated depreciation	<u>7,698,593</u>	<u>563,442</u>	<u>77,488</u>	<u>8,184,547</u>
Net capital assets	<u>\$ 1,230,889</u>	<u>\$ (480,468)</u>	<u>\$ -</u>	<u>\$ 750,421</u>

Depreciation expense of \$563,442 was charged to the general government function in the Statement of Activities

(5) Payables and Due to Other Governments

Amounts payable and due to other governments at June 30, 2013 consisted of the following

Accounts payable		
Trade payables		\$ 133,080
Escrow accounts		<u>149,827</u>
Total accounts payable		<u>\$ 282,907</u>
Due to other governments.		
Due to 19th Judicial District Court		
Judicial Expense Building Fund		<u>\$ 375,598</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Changes in Compensated Absences

The following is a summary of the compensated absences transactions of the Clerk of Court for the year ended June 30, 2013.

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013
Governmental activities				
Compensated absences	\$ 678,527	\$ 20,446	\$ -	\$ 698,973

(7) Other 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.

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 2013 totaled \$755,135. Plan members receiving benefits contributed approximately 73% 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. Since 2008 was the initial year of implementation of GASB Statement No. 45, there was no net OPEB obligation at the beginning of that year and only three years of trend information is available. The ARC was calculated as part of the July 1, 2012, actuarial valuations performed by an outside actuary consultant.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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)	\$ 831,914
Interest on net OPEB obligation	106,706
Adjustment to ARC	<u>(108,921)</u>
Annual OPEB cost (expense)	829,699
Less contributions made	<u>(755,135)</u>
Increase in net OPEB obligation	74,564
Net OPEB obligation-beginning of year	<u>3,048,755</u>
Net OPEB obligation-end of year	<u>\$ 3,123,319</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 2013, 2012, and 2011 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$860,335	76.50%	\$2,844,741
6/30/2012	861,343	76.30%	3,048,755
6/30/2013	829,699	91.10%	3,123,319

Funding Status and Funding Progress As of July 1, 2012, the most recent actuarial valuation date, the plan was zero funded. The actuarial accrued liability (AAL) for benefits was \$16,658,478 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.

Funded Status and Funding Progress The funded status of the plan as of June 30, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a percentage of covered payroll
7/1/2008	\$ -	\$11,180,124	\$11,180,124	0.00%	\$5,799,842	192.80%
7/1/2010	\$ -	\$11,915,861	\$11,915,861	0.00%	\$6,209,905	191.90%
7/1/2012	\$ -	\$16,658,478	\$16,658,478	0.00%	\$6,701,617	248.60%

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

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, 2012, 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 10% beginning in 2008, decreasing .5% per year through 2015 and leveling off at 6%. 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) 75% 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. The remaining amortization period at July 1, 2012, was twenty-six years.

(8) Pension Plan

Plan description - All eligible employees of the Clerk are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer public employee defined benefit pension plan administered by a separate board of trustees.

All regular employees are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service prior to July 1, 1999, and 3.33% for each year of credited service after June 30, 1999, not to exceed 100% of their final-average salary. Effective January 1, 2011 the retirement age increased to 65 and the amount paid monthly for life will be equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements

Effective January 1, 2011 the age for this benefit increased to 65 years of age. The System also provides death and disability benefits. Benefits are established and amended by state statute.

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, 10202 Jefferson Highway, Building A, Baton Rouge, Louisiana 7809, or by calling (225) 293-1162.

Funding Policy - Plan members are required by state statute to contribute 8.25% of their annual covered salary and, the Clerk is required to contribute at an actuarially determined rate. The current rate is 17.25% of annual covered payroll. Contributions to the System also included one-fourth of 1% of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Clerk 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's contributions to the System for the years ended June 30, 2013, 2012, and 2011, were \$1,116,533, \$1,049,627, and \$1,108,224, respectively, and were equal to the required contributions for each year.

Effective July 1, 1999, the Clerk could elect to pay all or a portion of the 8.25% employee retirement contribution, which would otherwise be deducted from the employees' salaries. This election can be changed annually by the Clerk. The Clerk elected to implement this policy for the years ended June 30, 2013, 2012, and 2011. The contributions to the System under this election were \$451,834, \$425,076, and \$456,379, respectively for the years ended in 2013, 2012, and 2011.

(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.

Workmen's 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, 2013.

The claims liabilities of \$386,350 reported at June 30, 2013, 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.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

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>\$ 389,222</u>
Incurred claims and claim adjustment expenses	
Provision for insured events of the current fiscal year	2,456,380
Increase (decrease) in provision for insured events of prior fiscal years	<u>26,933</u>
Total incurred claims and claim adjustment expenses	<u>2,483,313</u>
Payments	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	2,070,030
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>416,155</u>
Total payments	<u>2,486,185</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$ 386,350</u>

(10) Changes in Fiduciary Fund Unsettled Deposits

A summary of changes in agency fund unsettled deposits follows

	Unsettled Deposits at July 1, 2012	Additions	Deletions	Unsettled Deposits at June 30, 2013
Advance Deposit Fund	\$29,057,982	\$ 17,494,548	\$15,909,615	\$ 30,642,915
Registry of Court Fund	17,726,767	46,303,606	34,967,350	29,063,023
Bond Fund	<u>2,086,662</u>	<u>89,883</u>	<u>129,095</u>	<u>2,047,450</u>
Totals	<u>\$48,871,411</u>	<u>\$ 63,888,037</u>	<u>\$51,006,060</u>	<u>\$ 61,753,388</u>

(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, 2013 was \$145,777.

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Notes to the Basic Financial Statements (Continued)

(12) Litigation

The Clerk is involved in several legal actions, which arose during the ordinary course of business. Management believes that the Clerk has adequate legal defenses or insurance coverage with respect to each of these actions. However, the ultimate outcome of the litigation is unknown at the present time. Accordingly, no provision for any liability that might result has been made in the accompanying financial statements. In the opinion of management, the existing litigation will not materially affect the Clerk's results of operations or financial position.

(13) 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 \$386,036 for the year ending June 30, 2013.

(14) Leases

The Clerk of Court records items under capital leases as an asset and an obligation in the accompanying financial statements. At June 30, 2013, 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 \$25,018. Total rent expense under these leases for the year ended June 30, 2013 is \$272,352.

Future minimum lease payments are as follows:

<u>Year ending</u> <u>June 30,</u>	
2014	\$ 22,450
2015	20,991
2016	<u>6,133</u>
	<u>\$ 49,574</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)

(15) Excess Expenditures Over Appropriations

The General Fund had actual expenditures in excess of budgeted expenditures for the year ended June 30, 2013

	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 13,080,480	\$13,080,480	\$13,329,596	\$ (249,116)

(16) New Accounting Pronouncements

In April 2012, the Governmental Accounting Standards Board (GASB) approved Statement No 65, "Items Previously Reported as Assets and Liabilities" This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting The provisions of GASB No 65 must be implemented by the Clerk of Court for the year ending June 30, 2014 The effect of implementation on the Clerk of Court's financial statements has not yet been determined

In June, 2012 the GASB approved Statement No 67, "Financial Reporting for Pension Plans" and Statement No 68, "Accounting and Financial Reporting for Pensions" GASB Statement No 67 replaces the requirements of GASB Statement Nos 25 and 50 relating to financial reporting and note disclosures of pension plans GASB Statement No 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No 67 The provisions of GASB Statement No 67 must be implemented by the Louisiana Clerk of Court's Retirement and Relief Fund for the year ending June 30, 2014 and provisions of GASB Statement No 68 must be implemented by the Clerk of Court for the year ending June 30, 2015 The effect of implementation of these statements on the Clerk of Court's financial statements has not yet been determined

(17) Subsequent Event Review

The Clerk of Court has evaluated subsequent events through December 17, 2013, the date which the financial statements were available to be issued

**REQUIRED
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Fees, charges and commissions for services				
Recordings	\$ 3,710,060	\$ 3,710,060	\$ 4,096,328	\$ 386,268
Uniform Commercial Code fees	220,000	220,000	222,988	2,988
Cancellations	538,000	538,000	619,510	81,510
Mortgage certificates	41,000	41,000	49,091	8,091
Court attendance	148,000	148,000	121,117	(26,883)
Photocopies	1,044,000	1,044,000	1,187,565	143,565
Fines and forfeitures	315,000	315,000	447,364	132,364
Suits and successions	6,300,000	6,300,000	6,402,957	102,957
Other fees	238,800	238,800	184,057	(54,743)
Intergovernmental	375,000	375,000	319,055	(55,945)
Licenses	71,000	71,000	68,549	(2,451)
Interest revenue	93,000	93,000	91,265	(1,735)
Total revenues	<u>13,093,860</u>	<u>13,093,860</u>	<u>13,809,846</u>	<u>715,986</u>
Expenditures				
Current -				
General government				
Personnel services and related benefits	11,384,480	11,384,480	11,322,973	61,507
Materials and supplies	320,000	320,000	466,393	(146,393)
Operating services	1,227,000	1,227,000	1,402,081	(175,081)
Auto and travel	49,000	49,000	55,175	(6,175)
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>82,974</u>	<u>17,026</u>
Total expenditures	<u>13,080,480</u>	<u>13,080,480</u>	<u>13,329,596</u>	<u>(249,116)</u>
Excess of revenues over expenditures	13,380	13,380	480,250	466,870
Fund balance, beginning of year	<u>6,222,038</u>	<u>6,222,038</u>	<u>6,222,038</u>	-
Fund balance, end of year	<u>\$ 6,235,418</u>	<u>\$ 6,235,418</u>	<u>\$ 6,702,288</u>	<u>\$ 466,870</u>

**EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana**

**Schedule of Funding Progress
For the Year Ended June 30, 2013**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2008	\$ -	\$ 11,180,124	\$ 11,180,124	0.00%	\$ 5,799,842	192.80%
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%

**OTHER
SUPPLEMENTARY INFORMATION**

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Comparative Statement of Net Position
June 30, 2013 and 2012

	Governmental Activities	
	2013	2012
ASSETS		
Current assets		
Cash and interest-bearing deposits	\$ 7,908,671	\$ 7,255,384
Receivables	155,744	162,870
Total current assets	8,064,415	7,418,254
Noncurrent assets		
Capital assets, net	750,421	1,230,889
Total assets	8,814,836	8,649,143
LIABILITIES		
Current liabilities:		
Accounts payable	282,907	245,371
Accrued expenses	22,264	22,512
Accrued payroll liabilities	295,008	337,421
Accrued health insurance claims	386,350	389,222
Due to other governments	375,598	201,690
Total current liabilities	1,362,127	1,196,216
Noncurrent liabilities		
Compensated absences payable	698,973	678,527
Net OPEB obligation	3,123,319	3,048,755
Total noncurrent liabilities	3,822,292	3,727,282
Total liabilities	5,184,419	4,923,498
NET POSITION		
Invested in capital assets	750,421	1,230,889
Unrestricted	2,879,996	2,494,756
Total net position	\$ 3,630,417	\$ 3,725,645

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, 2013 and 2012

	2013	2012
ASSETS		
Cash and interest-bearing deposits	\$ 7,908,671	\$ 7,255,384
Accounts receivable	155,744	162,870
Total assets	\$ 8,064,415	\$ 7,418,254
LIABILITIES AND FUND BALANCES		
Liabilities.		
Accounts payable	\$ 282,907	\$ 245,371
Accrued expenses	22,264	22,512
Accrued payroll liabilities	295,008	337,421
Accrued health insurance claims	386,350	389,222
Due to other governments	375,598	201,690
Total liabilities	1,362,127	1,196,216
Fund balance		
Unassigned	6,702,288	6,222,038
Total liabilities and fund balance	\$ 8,064,415	\$ 7,418,254

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, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance with Final Budget Positive (Negative)	2012 Actual
	Budget		Actual		
	Original	Final			
Revenues					
Fees, charges and commissions for services					
Recordings	\$ 3,710,060	\$ 3,710,060	\$ 4,096,328	\$ 386,268	\$ 3,813,428
Uniform Commercial Code fees	220,000	220,000	222,988	2,988	221,767
Cancellations	538,000	538,000	619,510	81,510	546,895
Mortgage certificates	41,000	41,000	49,091	8,091	46,211
Court attendance	148,000	148,000	121,117	(26,883)	174,003
Photocopies	1,044,000	1,044,000	1,187,565	143,565	1,075,271
Fines and forfeitures	315,000	315,000	447,364	132,364	437,256
Suits and successions	6,300,000	6,300,000	6,402,957	102,957	6,449,739
Other fees	238,800	238,800	184,057	(54,743)	143,416
Intergovernmental	375,000	375,000	319,055	(55,945)	330,247
Licenses	71,000	71,000	68,549	(2,451)	75,667
Interest revenue	93,000	93,000	91,265	(1,735)	89,504
Total revenues	<u>13,093,860</u>	<u>13,093,860</u>	<u>13,809,846</u>	<u>715,986</u>	<u>13,403,404</u>
Expenditures					
Current -					
General government					
Personnel services and related benefits	11,384,480	11,384,480	11,322,973	61,507	10,721,954
Materials and supplies	320,000	320,000	466,393	(146,393)	342,545
Operating services	1,227,000	1,227,000	1,402,081	(175,081)	1,193,031
Auto and travel	49,000	49,000	55,175	(6,175)	49,406
Capital outlay	100,000	100,000	82,974	17,026	2,893
Total expenditures	<u>13,080,480</u>	<u>13,080,480</u>	<u>13,329,596</u>	<u>(249,116)</u>	<u>12,309,829</u>
Excess of revenues over expenditures	13,380	13,380	480,250	466,870	1,093,575
Fund balance, beginning of year	<u>6,222,038</u>	<u>6,222,038</u>	<u>6,222,038</u>	-	<u>5,128,463</u>
Fund balance, end of year	<u>\$ 6,235,418</u>	<u>\$ 6,235,418</u>	<u>\$ 6,702,288</u>	<u>\$ 466,870</u>	<u>\$ 6,222,038</u>

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

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013		Actual	Variance - Positive (Negative)	2012 Actual
	Budget				
	Original	Final			
Fees, charges, and commissions for services					
Recordings	\$ 3,710,060	\$ 3,710,060	\$ 4,096,328	\$ 386,268	\$ 3,813,428
Uniform Commercial Code fees	220,000	220,000	222,988	2,988	221,767
Cancellations	538,000	538,000	619,510	81,510	546,895
Mortgage certificates	41,000	41,000	49,091	8,091	46,211
Court attendance	148,000	148,000	121,117	(26,883)	174,003
Photocopies	1,044,000	1,044,000	1,187,565	143,565	1,075,271
Fines and forfeitures	315,000	315,000	447,364	132,364	437,256
Suits and successions	6,300,000	6,300,000	6,402,957	102,957	6,449,739
Other fees					
Passports	80,000	80,000	116,345	36,345	85,650
Extract of court minutes	-	-	20,310	20,310	12,670
Credit card fees	-	-	34,071	34,071	30,092
Miscellaneous	158,800	158,800	13,331	(145,469)	15,004
Total fees, charges, and commissions for services	<u>12,554,860</u>	<u>12,554,860</u>	<u>13,330,977</u>	<u>776,117</u>	<u>12,907,986</u>
Intergovernmental					
LCOCA supplemental compensation	-	-	-	-	-
Reimbursed election expenses	125,000	125,000	134,193	9,193	137,668
City/Parish budget allocation	250,000	250,000	184,862	(65,138)	192,579
Total intergovernmental	<u>375,000</u>	<u>375,000</u>	<u>319,055</u>	<u>(55,945)</u>	<u>330,247</u>
Licenses	<u>71,000</u>	<u>71,000</u>	<u>68,549</u>	<u>(2,451)</u>	<u>75,667</u>
Interest revenue	<u>93,000</u>	<u>93,000</u>	<u>91,265</u>	<u>(1,735)</u>	<u>89,504</u>
Total revenues	<u>\$ 13,093,860</u>	<u>\$ 13,093,860</u>	<u>\$ 13,809,846</u>	<u>\$ 715,986</u>	<u>\$ 13,403,404</u>

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

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2013
With Comparative Actual Amounts for the Year Ended June 30, 2012

	2013			Variance - Positive (Negative)	2012 Actual
	Budget		Actual		
	Original	Final			
Expenditures					
Current -					
Personnel services and related benefits					
Salaries	\$ 6,925,000	\$ 6,925,000	\$ 6,978,226	\$ (53,226)	\$ 6,511,528
Clerk's expense allowance	14,000	14,000	13,887	113	13,626
Clerk's supplemental fund	45,000	45,000	47,800	(2,800)	45,250
Payroll taxes	108,280	108,280	107,148	1,132	98,529
Retirement	1,846,200	1,846,200	1,568,366	277,834	1,474,704
Group insurance	2,400,000	2,400,000	2,572,210	(172,210)	2,539,468
Worker's compensation	43,000	43,000	32,851	10,149	37,576
Unemployment	3,000	3,000	2,485	515	1,273
Total personnel services and related benefits	<u>11,384,480</u>	<u>11,384,480</u>	<u>11,322,973</u>	<u>61,507</u>	<u>10,721,954</u>
Materials and supplies					
Printing and binding	134,000	134,000	111,641	22,359	138,561
Judges' supplies	25,000	25,000	47,079	(22,079)	26,363
Computer expenses	30,000	30,000	102,840	(72,840)	30,540
Office supplies	121,000	121,000	181,546	(60,546)	138,132
Repairs and maintenance	10,000	10,000	23,287	(13,287)	8,949
Total materials and supplies	<u>320,000</u>	<u>320,000</u>	<u>466,393</u>	<u>(146,393)</u>	<u>342,545</u>
Operating services					
Accounting	80,000	80,000	225,020	(145,020)	90,334
Advertising	11,000	11,000	123	10,877	8,110
Archives and record retention	81,000	81,000	79,771	1,229	79,320
Computer software and services	325,000	325,000	275,222	49,778	279,743
Insurance	70,000	70,000	73,332	(3,332)	62,769
Legal	150,000	150,000	152,888	(2,888)	134,180
Postage	120,000	120,000	132,900	(12,900)	135,418
Telephone	66,000	66,000	88,877	(22,877)	70,648
Equipment rental and leases	66,000	66,000	62,874	3,126	66,521
Judicial expense fund	18,000	18,000	14,253	3,747	15,245
Credit card fees	-	-	34,812	(34,812)	31,280
Office rent	121,000	121,000	120,849	151	120,849
Miscellaneous	119,000	119,000	141,160	(22,160)	98,614
Total operating services	<u>1,227,000</u>	<u>1,227,000</u>	<u>1,402,081</u>	<u>(175,081)</u>	<u>1,193,031</u>
Auto and travel	49,000	49,000	55,175	(6,175)	49,406
Capital outlay -					
Computer equipment	100,000	100,000	82,974	17,026	2,893
Total expenditures	<u>\$ 13,080,480</u>	<u>\$ 13,080,480</u>	<u>\$ 13,329,596</u>	<u>\$ (249,116)</u>	<u>\$ 12,309,829</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 Net Position
June 30, 2013
With Comparative Totals for June 30, 2012

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2013	2012
ASSETS					
Cash	\$ 12,040,368	\$ 29,037,460	\$ 2,041,654	\$ 43,119,482	\$ 30,292,055
Interest-bearing deposits	18,100,000	25,563	5,796	18,131,359	18,131,336
Accounts receivable	502,547	-	-	502,547	448,021
Total assets	<u>\$ 30,642,915</u>	<u>\$ 29,063,023</u>	<u>\$ 2,047,450</u>	<u>\$ 61,753,388</u>	<u>\$ 48,871,412</u>
LIABILITIES					
Due to taxing bodies and others	<u>\$ 30,642,915</u>	<u>\$ 29,063,023</u>	<u>\$ 2,047,450</u>	<u>\$ 61,753,388</u>	<u>\$ 48,871,412</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, 2013
With Comparative Totals For the Year Ended June 30, 2012

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2013	2012
Balances, beginning of year	\$ 29,057,982	\$ 17,726,767	\$ 2,086,662	\$ 48,871,411	\$ 54,082,804
Additions					
Suits and successions	17,494,548	-	-	17,494,548	17,866,722
Judgments	-	46,281,511	87,782	46,369,293	5,350,582
Interest earned	-	22,095	2,101	24,196	22,804
Total additions	<u>17,494,548</u>	<u>46,303,606</u>	<u>89,883</u>	<u>63,888,037</u>	<u>23,240,108</u>
Reductions					
Clerk's costs (transferred to General Fund)	6,402,957	-	-	6,402,957	6,449,739
Settlements to litigants	-	34,967,350	129,095	35,096,445	7,315,430
Refunds	2,857,870	-	-	2,857,870	2,419,483
Sheriff's fees	957,631	-	-	957,631	1,005,964
Judicial expense fund	4,549,848	-	-	4,549,848	4,694,106
Adjustment to accounts receivable	239,126	-	-	239,126	5,629,442
Other reductions	902,183	-	-	902,183	937,336
Total reductions	<u>15,909,615</u>	<u>34,967,350</u>	<u>129,095</u>	<u>51,006,060</u>	<u>28,451,500</u>
Balances, end of year	<u>\$ 30,642,915</u>	<u>\$ 29,063,023</u>	<u>\$ 2,047,450</u>	<u>\$ 61,753,388</u>	<u>\$ 48,871,412</u>

**INTERNAL CONTROL
AND
COMPLIANCE**

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, 2013, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 17, 2013.

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 13-1(IC) and 13-2(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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

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

Lafayette, Louisiana
December 17, 2013

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2013

<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 (6/30/13) --						
<u>Internal Control:</u>						
13-1(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, 2013. No differences in the disbursements from the fund or deposits to the fund occurred during the year	Doug Welborn, Clerk of Court	N/A
13-2(IC)	6/30/2013	The Clerk of Court had an employee misappropriate evidence from the Clerk's criminal evidence room	Yes	The employee accused of the theft was terminated by the Clerk's office. The Clerk's office contracted with third party accountants to perform a full inventory of the contents of the entire criminal evidence room, and the Clerk revised its record keeping regarding evidence through the implementation of a new inventory software program. Moreover, the Clerk's office implemented a multi-layer system of internal controls to prevent this type of misappropriation in the future. Specifically, the Clerk installed a new camera system, a fingerprint scanner to enter the evidence room, and the use of two keys for any one individual to enter the criminal evidence room	Doug Welborn, Clerk of Court	4/15/2013

(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, 2013

<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>
PRIOR YEAR (6/30/12) --						
<u>Internal Control</u>						
12-1(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, 2012. No differences in the disbursements from the fund or deposits to the fund occurred during the year.	Doug Welborn, Clerk of Court	N/A