

EAST BATON ROUGE PARISH CLERK OF COURT

Financial Report

Year Ended June 30, 2014

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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, 2014, 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, 2014, 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, 2014. 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, 2014, 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, 2014, 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 combining and comparative statements on pages 35, 37, 42, and 43 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 2013 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 38 through 40 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 February 20, 2015, 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
February 20, 2015

BASIC FINANCIAL STATEMENTS

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

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Statement of Net Position
June 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 6,542,409
Receivables	<u>887,041</u>
Total current assets	7,429,450
Noncurrent assets:	
Capital assets, net	<u>586,861</u>
Total assets	<u>8,016,311</u>
LIABILITIES	
Current liabilities:	
Accounts payable	341,038
Accrued expenses	22,480
Accrued payroll liabilities	417,923
Accrued health insurance claims	1,658,511
Due to other governments	<u>179,790</u>
Total current liabilities	<u>2,619,742</u>
Noncurrent liabilities:	
Compensated absences payable	779,270
Net OPEB obligation	<u>3,475,196</u>
Total noncurrent liabilities	<u>4,254,466</u>
Total liabilities	<u>6,874,208</u>
NET POSITION	
Net investment in capital assets	586,861
Unrestricted	<u>555,242</u>
Total net position	<u>\$ 1,142,103</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, 2014

Governmental activities:	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position Governmental Activities
General government	\$ 15,291,267	\$ 12,278,974	\$ 417,596	\$ (2,594,697)
				106,383
				(2,488,314)
				3,630,417
				\$ 1,142,103

General revenues:
Interest and investment earnings

Change in net position

Net position - July 1, 2013

Net position - June 30, 2014

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, 2014

	<u>General Fund</u>
ASSETS	
Cash and interest-bearing deposits	\$6,542,409
Accounts receivable	<u>887,041</u>
Total assets	<u>\$7,429,450</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 341,038
Accrued expenses	22,480
Accrued payroll liabilities	417,923
Accrued health insurance claims	1,658,511
Due to other governments	<u>179,790</u>
Total liabilities	<u>2,619,742</u>
Fund balance:	
Unassigned	<u>4,809,708</u>
Total liabilities and fund balance	<u>\$7,429,450</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, 2014

Total fund balance for the governmental fund at June 30, 2014		\$ 4,809,708
Cost of capital assets at June 30, 2014	\$ 9,062,926	
Less: Accumulated depreciation	<u>(8,476,065)</u>	586,861
Long-term liabilities at June 30, 2014:		
Compensated absences payable		(779,270)
Net OPEB obligation payable		<u>(3,475,196)</u>
Total net position of governmental activities at June 30, 2014		<u>\$ 1,142,103</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, 2014

	<u>General Fund</u>
Revenues:	
Fees, charges and commissions for services:	
Recordings	\$ 3,534,972
Uniform Commercial Code fees	225,571
Cancellations	507,650
Mortgage certificates	40,589
Court attendance	101,275
Photocopies	1,125,167
Fines and forfeitures	457,863
Suits and successions	5,999,712
Other fees	215,114
Intergovernmental	417,596
Licenses	71,061
Interest revenue	106,383
Total revenues	12,802,953
Expenditures:	
Current -	
General government:	
Personnel services and related benefits	12,819,150
Materials and supplies	377,882
Operating services	1,270,400
Auto and travel	62,929
Capital outlay	165,172
Total expenditures	14,695,533
Deficiency of revenues over expenditures	(1,892,580)
Fund balance, beginning of year	6,702,288
Fund balance, end of year	\$ 4,809,708

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, 2014

Total net change in fund balance for the year ended June 30, 2014 per Statement of Revenues, Expenditures, and Changes in Fund Balance	\$(1,892,580)
The change in net position reported for governmental activities in the statement of activities because:	
<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>	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 165,172
Depreciation expense for the year ended June 30, 2014	(328,591)
Loss on disposal of assets	<u>(141)</u> (163,560)
Compensated absences at June 30, 2014 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure	(80,297)
Net OPEB obligation at June 30, 2014 not requiring the use of current economic resources, and, therefore, not recorded as a fund expenditure	<u>(351,877)</u>
Total changes in net position at June 30, 2014 per Statement of Activities	<u><u>\$(2,488,314)</u></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, 2014

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 49,320,238
Interest-bearing deposits	18,122,164
Accounts receivable	<u>514,604</u>
 Total assets	 <u>\$ 67,957,006</u>
LIABILITIES	
 Due to litigants and others	 <u>\$ 67,957,006</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 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.

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, 2014, employees of the Clerk had accumulated and vested \$779,270 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, 2014.

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. 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, 2014, there was no amount due to the parish treasurer because the General Fund's fund balance at June 30, 2014 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, 2013 and ending June 30, 2014, on June 21, 2013 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 21, 2013, 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, 2014, 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 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.

I. 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.

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, 2014, the Clerk of Court has cash and interest-bearing deposits (book balances) totaling \$73,984,811 as follows:

	Governmental Activities	Fiduciary Funds	Total
Cash	\$ 3,030	\$ 49,320,238	\$ 49,323,268
Time and money market deposits	6,539,379	18,122,164	24,661,543
Total	\$ 6,542,409	\$ 67,442,402	\$ 73,984,811

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, 2014, and the related federal insurance and pledged securities:

Bank balances	\$ 74,763,742
Federal insurance	\$ 18,872,164
Pledged securities	55,891,578
Total federal insurance and pledged securities	\$ 74,763,742

Deposits in the amount of \$55,891,578 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, 2014 consisted of the following:

General Fund:	
Trade accounts	\$ 67,270
Stop-loss receivable	775,049
Miscellaneous	37,451
NSF checks	<u>7,271</u>
Total	<u>\$887,041</u>

(4) Capital Assets

Capital asset balances and activity for the year ended June 30, 2014 is as follows:

	<u>Balance</u> 07/01/13	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 06/30/14
Furniture, equipment, and improvements	\$8,934,968	\$ 165,172	\$ 37,073	\$ 9,063,067
Less: Accumulated depreciation	<u>8,184,547</u>	<u>328,591</u>	<u>36,932</u>	<u>8,476,206</u>
Net capital assets	<u>\$ 750,421</u>	<u>\$(163,419)</u>	<u>\$ 141</u>	<u>\$ 586,861</u>

Depreciation expense of \$328,591 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, 2014 consisted of the following:

Accounts payable:	
Trade payables	\$ 191,097
Escrow accounts	<u>149,941</u>
Total accounts payable	<u>\$ 341,038</u>
Due to other governments:	
Due to 19th Judicial District Court	
Judicial Expense Building Fund	<u>\$ 179,790</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, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Governmental activities:				
Compensated absences	\$ 698,973	\$ 80,297	\$ -	\$ 779,270

(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 2014 totaled \$477,768. 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	109,316
Adjustment to ARC	<u>(111,585)</u>
Annual OPEB cost (expense)	829,645
Less: contributions made	<u>(477,768)</u>
Increase in net OPEB obligation	351,877
Net OPEB obligation-beginning of year	<u>3,123,319</u>
Net OPEB obligation-end of year	<u>\$ 3,475,196</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 2014, 2013, and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	\$861,343	76.30%	\$3,048,755
6/30/2013	\$829,699	91.10%	\$ 3,123,319
6/30/2014	\$829,645	57.60%	\$ 3,475,196

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, 2014 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, 2014, 2013, and 2012, were \$1,319,723, \$1,116,533, and \$1,049,627, 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, 2014, 2013, and 2012. The contributions to the System under this election were \$515,643, \$451,834, and \$425,076, respectively, for the years ended in 2014, 2013, and 2012.

(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, 2014.

The claims liabilities of \$1,658,511 reported at June 30, 2014, 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>\$ 386,350</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	4,747,043
Increase (decrease) in provision for insured events of prior fiscal years	<u>(996)</u>
Total incurred claims and claim adjustment expenses	<u>4,746,047</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	3,088,532
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>385,354</u>
Total payments	<u>3,473,886</u>
Unpaid claims and claim adjustment expenses at end of year	<u>\$1,658,511</u>

(10) Changes in Fiduciary Fund Unsettled Deposits

A summary of changes in agency fund unsettled deposits follows:

	Unsettled Deposits at July 1, 2013	Additions	Deletions	Unsettled Deposits at June 30, 2014
Advance Deposit Fund	\$30,642,915	\$ 16,858,221	\$14,557,006	\$ 32,944,130
Registry of Court Fund	29,063,023	61,913,301	58,019,580	32,956,744
Bond Fund	2,047,450	28,632	19,950	2,056,132
Totals	<u>\$61,753,388</u>	<u>\$ 78,800,154</u>	<u>\$72,596,536</u>	<u>\$ 67,957,006</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, 2014 was \$158,033.

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. 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.

(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, 2014.

(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, 2014, 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 \$24,191. Total rent expense under these leases for the year ended June 30, 2014 is \$265,311.

Future minimum lease payments are as follows:

Year ending <u>June 30, 2014</u>	
2015	\$ 24,373
2016	23,060
2017	<u>11,172</u>
	<u>\$ 58,605</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, 2014.

	Original Budget	Final Budget	Actual	Variance
General Fund	\$ 13,665,360	\$14,023,405	\$14,695,533	\$ (672,128)

(16) New Accounting Pronouncements

In June, 2012 the Governmental Accounting Standards Board (GASB) approved Statement No. 68, "Accounting and Financial Reporting for Pensions." 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. 68 must be implemented by the Clerk of Court for the year ending June 30, 2015. The effect of implementation 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 February 20, 2015, 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, 2014

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Fees, charges and commissions for services:				
Recordings	\$ 4,000,000	\$ 3,682,000	\$ 3,534,972	\$ (147,028)
Uniform Commercial Code fees	220,000	225,000	225,571	571
Cancellations	600,000	566,000	507,650	(58,350)
Mortgage certificates	50,000	43,000	40,589	(2,411)
Court attendance	135,000	50,000	101,275	51,275
Photocopies	1,160,000	1,147,000	1,125,167	(21,833)
Fines and forfeitures	340,000	407,000	457,863	50,863
Suits and successions	6,400,000	6,052,000	5,999,712	(52,288)
Other fees	255,900	283,980	215,114	(68,866)
Intergovernmental	375,000	375,000	417,596	42,596
Licenses	64,000	65,000	71,061	6,061
Interest revenue	72,000	80,000	106,383	26,383
Total revenues	<u>13,671,900</u>	<u>12,975,980</u>	<u>12,802,953</u>	<u>(173,027)</u>
Expenditures:				
Current -				
General government:				
Personnel services and related benefits	11,896,360	12,112,705	12,819,150	(706,445)
Materials and supplies	414,000	362,000	377,882	(15,882)
Operating services	1,256,000	1,201,700	1,270,400	(68,700)
Auto and travel	49,000	52,000	62,929	(10,929)
Capital outlay	50,000	295,000	165,172	129,828
Total expenditures	<u>13,665,360</u>	<u>14,023,405</u>	<u>14,695,533</u>	<u>(672,128)</u>
Excess (deficiency) of revenues over expenditures	6,540	(1,047,425)	(1,892,580)	(845,155)
Fund balance, beginning of year	<u>6,702,288</u>	<u>6,702,288</u>	<u>6,702,288</u>	-
Fund balance, end of year	<u>\$ 6,708,828</u>	<u>\$ 5,654,863</u>	<u>\$ 4,809,708</u>	<u>\$ (845,155)</u>

EAST BATON ROUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana

Schedule of Funding Progress
For the Year Ended June 30, 2014

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, 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, 2014 and 2013

	Governmental Activities	
	2014	2013
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 6,542,409	\$ 7,908,671
Receivables	887,041	155,744
Total current assets	7,429,450	8,064,415
Noncurrent assets:		
Capital assets, net	586,861	750,421
Total assets	8,016,311	8,814,836
LIABILITIES		
Current liabilities:		
Accounts payable	341,038	282,907
Accrued expenses	22,480	22,264
Accrued payroll liabilities	417,923	295,008
Accrued health insurance claims	1,658,511	386,350
Due to other governments	179,790	375,598
Total current liabilities	2,619,742	1,362,127
Noncurrent liabilities:		
Compensated absences payable	779,270	698,973
Net OPEB obligation	3,475,196	3,123,319
Total noncurrent liabilities	4,254,466	3,822,292
Total liabilities	6,874,208	5,184,419
NET POSITION		
Net investment in capital assets	586,861	750,421
Unrestricted	555,242	2,879,996
Total net position	\$ 1,142,103	\$ 3,630,417

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, 2014 and 2013

	2014	2013
ASSETS		
Cash and interest-bearing deposits	\$ 6,542,409	\$ 7,908,671
Accounts receivable	887,041	155,744
Total assets	\$ 7,429,450	\$ 8,064,415
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 341,038	\$ 282,907
Accrued expenses	22,480	22,264
Accrued payroll liabilities	417,923	295,008
Accrued health insurance claims	1,658,511	386,350
Due to other governments	179,790	375,598
Total liabilities	2,619,742	1,362,127
Fund balance:		
Unassigned	4,809,708	6,702,288
Total liabilities and fund balance	\$ 7,429,450	\$ 8,064,415

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, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance with Final Budget Positive (Negative)	2013 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Fees, charges and commissions for services:					
Recordings	\$ 4,000,000	\$ 3,682,000	\$ 3,534,972	\$ (147,028)	\$ 4,096,328
Uniform Commercial Code fees	220,000	225,000	225,571	571	222,988
Cancellations	600,000	566,000	507,650	(58,350)	619,510
Mortgage certificates	50,000	43,000	40,589	(2,411)	49,091
Court attendance	135,000	50,000	101,275	51,275	121,117
Photocopies	1,160,000	1,147,000	1,125,167	(21,833)	1,187,565
Fines and forfeitures	340,000	407,000	457,863	50,863	447,364
Suits and successions	6,400,000	6,052,000	5,999,712	(52,288)	6,402,957
Other fees	255,900	283,980	215,114	(68,866)	184,057
Intergovernmental	375,000	375,000	417,596	42,596	319,055
Licenses	64,000	65,000	71,061	6,061	68,549
Interest revenue	72,000	80,000	106,383	26,383	91,265
Total revenues	<u>13,671,900</u>	<u>12,975,980</u>	<u>12,802,953</u>	<u>(173,027)</u>	<u>13,809,846</u>
Expenditures:					
Current -					
General government:					
Personnel services and related benefits	11,896,360	12,112,705	12,819,150	(706,445)	11,322,973
Materials and supplies	414,000	362,000	377,882	(15,882)	466,393
Operating services	1,256,000	1,201,700	1,270,400	(68,700)	1,402,081
Auto and travel	49,000	52,000	62,929	(10,929)	55,175
Capital outlay	50,000	295,000	165,172	129,828	82,974
Total expenditures	<u>13,665,360</u>	<u>14,023,405</u>	<u>14,695,533</u>	<u>(672,128)</u>	<u>13,329,596</u>
Excess (deficiency) of revenues over expenditures	6,540	(1,047,425)	(1,892,580)	(845,155)	480,250
Fund balance, beginning of year	<u>6,702,288</u>	<u>6,702,288</u>	<u>6,702,288</u>	-	<u>6,222,038</u>
Fund balance, end of year	<u>\$ 6,708,828</u>	<u>\$ 5,654,863</u>	<u>\$ 4,809,708</u>	<u>\$ (845,155)</u>	<u>\$ 6,702,288</u>

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

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014		Actual	Variance - Positive (Negative)	2013 Actual
	Budget				
	Original	Final			
Fees, charges, and commissions for services:					
Recordings	\$ 4,000,000	\$ 3,682,000	\$ 3,534,972	\$(147,028)	\$ 4,096,328
Uniform Commercial Code fees	220,000	225,000	225,571	571	222,988
Cancellations	600,000	566,000	507,650	(58,350)	619,510
Mortgage certificates	50,000	43,000	40,589	(2,411)	49,091
Court attendance	135,000	50,000	101,275	51,275	121,117
Photocopies	1,160,000	1,147,000	1,125,167	(21,833)	1,187,565
Fines and forfeitures	340,000	407,000	457,863	50,863	447,364
Suits and successions	6,400,000	6,052,000	5,999,712	(52,288)	6,402,957
Other fees:					
Passports	100,000	104,000	142,711	38,711	116,345
Extract of court minutes	-	-	24,480	24,480	20,310
Credit card fees	-	-	35,316	35,316	34,071
Miscellaneous	155,900	179,980	12,607	(167,373)	13,331
Total fees, charges, and commissions for services	<u>13,160,900</u>	<u>12,455,980</u>	<u>12,207,913</u>	<u>(248,067)</u>	<u>13,330,977</u>
Intergovernmental:					
Reimbursed election expenses	125,000	125,000	138,181	13,181	134,193
City/Parish budget allocation	250,000	250,000	279,415	29,415	184,862
Total intergovernmental	<u>375,000</u>	<u>375,000</u>	<u>417,596</u>	<u>42,596</u>	<u>319,055</u>
Licenses	<u>64,000</u>	<u>65,000</u>	<u>71,061</u>	<u>6,061</u>	<u>68,549</u>
Interest revenue	<u>72,000</u>	<u>80,000</u>	<u>106,383</u>	<u>26,383</u>	<u>91,265</u>
Total revenues	<u>\$13,671,900</u>	<u>\$12,975,980</u>	<u>\$12,802,953</u>	<u>\$(173,027)</u>	<u>\$13,809,846</u>

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

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2014
With Comparative Actual Amounts for the Year Ended June 30, 2013

	2014			Variance - Positive (Negative)	2013 Actual
	Budget		Actual		
	Original	Final			
Expenditures:					
Current -					
<i>Personnel services</i>					
<i>and related benefits:</i>					
Salaries	\$ 7,265,000	\$ 7,425,000	\$ 7,690,837	\$(265,837)	\$ 6,978,226
Clerk's expense allowance	14,000	12,000	14,116	(2,116)	13,887
Clerk's supplemental fund	48,000	50,000	49,650	350	47,800
Payroll taxes	115,210	125,530	125,736	(206)	107,148
Retirement	1,867,150	1,893,875	1,835,365	58,510	1,568,366
Group insurance	2,550,000	2,563,000	3,065,734	(502,734)	2,572,210
Worker's compensation	35,000	39,000	35,584	3,416	32,851
Unemployment	2,000	4,300	2,128	2,172	2,485
Total personnel services and related benefits	<u>11,896,360</u>	<u>12,112,705</u>	<u>12,819,150</u>	<u>(706,445)</u>	<u>11,322,973</u>
Materials and supplies:					
Printing and binding	44,000	101,000	109,253	(8,253)	111,641
Judges' supplies	53,000	61,000	49,829	11,171	47,079
Computer expenses	135,000	56,000	72,520	(16,520)	102,840
Office supplies	160,000	129,000	134,664	(5,664)	181,546
Repairs and maintenance	22,000	15,000	11,616	3,384	23,287
Total materials and supplies	<u>414,000</u>	<u>362,000</u>	<u>377,882</u>	<u>(15,882)</u>	<u>466,393</u>
Operating services:					
Accounting	80,000	100,000	85,459	14,541	225,020
Advertising	1,000	3,000	1,807	1,193	123
Archives and record retention	72,000	82,000	90,056	(8,056)	79,771
Computer software and services	350,000	269,000	353,220	(84,220)	275,222
Insurance	70,000	106,000	54,055	51,945	73,332
Legal	180,000	138,000	140,508	(2,508)	152,888
Postage	125,000	118,000	132,967	(14,967)	132,900
Telephone	67,000	78,000	85,212	(7,212)	88,877
Equipment rental and leases	62,000	41,000	44,862	(3,862)	62,874
Judicial expense fund	10,000	3,000	20,165	(17,165)	14,253
Credit card fees	-	-	34,589	(34,589)	34,812
Office rent	130,000	122,000	122,466	(466)	120,849
Miscellaneous	109,000	141,700	105,034	36,666	141,160
Total operating services	<u>1,256,000</u>	<u>1,201,700</u>	<u>1,270,400</u>	<u>(68,700)</u>	<u>1,402,081</u>
Auto and travel	49,000	52,000	62,929	(10,929)	55,175
Capital outlay -					
Computer equipment	50,000	295,000	165,172	129,828	82,974
Total expenditures	<u>\$ 13,665,360</u>	<u>\$ 14,023,405</u>	<u>\$ 14,695,533</u>	<u>\$(672,128)</u>	<u>\$ 13,329,596</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, 2014
 With Comparative Totals for June 30, 2013

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2014	2013
ASSETS					
Cash	\$ 14,329,526	\$ 32,939,765	\$ 2,050,947	\$ 49,320,238	\$ 43,119,482
Interest-bearing deposits	18,100,000	16,979	5,185	18,122,164	18,131,359
Accounts receivable	514,604	-	-	514,604	502,547
Total assets	<u>\$ 32,944,130</u>	<u>\$ 32,956,744</u>	<u>\$ 2,056,132</u>	<u>\$ 67,957,006</u>	<u>\$ 61,753,388</u>
LIABILITIES					
Due to taxing bodies and others	<u>\$ 32,944,130</u>	<u>\$ 32,956,744</u>	<u>\$ 2,056,132</u>	<u>\$ 67,957,006</u>	<u>\$ 61,753,388</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, 2014
With Comparative Totals For the Year Ended June 30, 2013

	Advance Deposit Fund	Registry of Court Fund	Bond Fund	Totals	
				2014	2013
Balances, beginning of year	\$ 30,642,915	\$ 29,063,023	\$ 2,047,450	\$ 61,753,388	\$ 48,871,411
Additions:					
Suits and successions	16,858,221	-	-	16,858,221	17,494,548
Judgments	-	61,891,527	26,563	61,918,090	46,369,293
Interest earned	-	21,774	2,069	23,843	24,196
Total additions	<u>16,858,221</u>	<u>61,913,301</u>	<u>28,632</u>	<u>78,800,154</u>	<u>63,888,037</u>
Reductions:					
Clerk's costs (transferred to General Fund)	5,999,712	-	-	5,999,712	6,402,957
Settlements to litigants	-	58,019,580	19,950	58,039,530	35,096,445
Refunds	2,006,458	-	-	2,006,458	2,857,870
Sheriff's fees	950,853	-	-	950,853	957,631
Judicial expense fund	4,468,453	-	-	4,468,453	4,549,848
Adjustment to accounts receivable	202,066	-	-	202,066	239,126
Other reductions	929,464	-	-	929,464	902,183
Total reductions	<u>14,557,006</u>	<u>58,019,580</u>	<u>19,950</u>	<u>72,596,536</u>	<u>51,006,060</u>
Balances, end of year	<u>\$ 32,944,130</u>	<u>\$ 32,956,744</u>	<u>\$ 2,056,132</u>	<u>\$ 67,957,006</u>	<u>\$ 61,753,388</u>

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

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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, 2014, 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 February 20, 2015.

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 deficiency described in the accompanying summary schedule of current and prior year audit findings and corrective action plan as item 2014-002 (IC) to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We have identified one compliance finding as item 2014-001(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
February 20, 2015

EAST BATON ROUGE PARISH CLERK OF COURT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
CURRENT YEAR (6/30/14) --						
<u>Compliance:</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
<u>Internal Control:</u>						
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

(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, 2014

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Completion Date
<u>Internal Control:</u>						
2013-001 (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
2013-002 (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