

**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. Commitments and Contingencies**

The Clerk of Court is involved in several legal actions which arose during the ordinary course of business. Management believes that the Clerk of Court 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**11. Cash**

At June 30, 1996, the Clerk of Court's cash balances totaled \$12,536,341 as follows:

Petty cash	\$ 1,675
Interest-bearing demand deposits	4,623,976
Time deposits	<u>7,910,690</u>
	<u>\$ 12,536,341</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent banks. These securities are held by the fiscal agent banks in the name of the East Baton Rouge Parish Clerk of Court. At June 30, 1996, the Clerk had \$13,019,018 in deposits (collected bank balances). These deposits were secured from risk by \$382,101 of federal deposit insurance and \$12,636,917 of pledged securities held by the fiscal agent banks in the name of the Clerk of Court.

**12. Deferred Compensation Plan**

The Clerk participates in the State of Louisiana Public Employees Deferred Compensation Plan, which is a cost-sharing multiple-employer public employee deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Clerk employees, permits them to defer a portion of their salary until future periods. Participation in the plan is optional. The deferred compensation is not available to employees until termination, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and right of the Clerk of Court, subject only to the claims of the Clerk's general creditors. Participants' rights under the plan are equal to those of general creditors of the Clerk of Court in amounts equal to the fair market value of their deferred accounts.

It is the opinion of the State's Attorney General that the Clerk has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary investor. The Clerk believes that it is unlikely that it will use the assets to satisfy the claims of the general creditors in the future.

Investments are managed by the plan's trustee, who provides certain options. The choice of investment option is made by the participants.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**10. Risk Management**

The Clerk of Court provides health care benefits for its employees through its self-funded employee medical benefit plan. This program provides employee health benefit coverage up to \$45,000 per illness per year less deductions for each individual covered. 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, 1996.

The claims liability of \$110,636 reported at June 30, 1996, is based on the requirement of Government Auditing 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 probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

Unpaid claims and claim adjustment expenses at June 30, 1995	<u>\$ 201,871</u>
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	649,039
Increase in provision for insured events of prior fiscal years	<u>68,144</u>
Total incurred claims and claim adjustment expenses	<u>717,183</u>
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	538,403
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>270,015</u>
Total Payments	<u>808,418</u>
Unpaid claims and claim adjustment expenses at June 30, 1995	<u>\$ 110,636</u>



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**8. Changes in Agency Fund Balances**

The following presents the changes in unsettled deposits in the agency funds during the year ended June 30, 1996.

	<u>Advanced Deposit Fund</u>	<u>Registry of Court</u>	<u>Bond Fund</u>	<u>Total</u>
Unsettled deposits - beginning of year	<u>\$ 7,407,088</u>	<u>\$ 4,186,527</u>	<u>\$ 631,184</u>	<u>\$ 12,224,799</u>
<b><u>Additions</u></b>				
Deposits:				
Suits and successions	5,374,057	-	-	5,374,057
Judgments	-	5,680,232	188,460	5,868,692
Interest earned on investments	-	142,397	15,294	157,691
Total additions	<u>5,374,057</u>	<u>5,822,629</u>	<u>203,754</u>	<u>11,400,440</u>
<b><u>Reductions</u></b>				
Clerk's costs (general fund transfers)	2,410,794	-	-	2,410,794
Settlements to litigants	-	5,237,223	286,728	5,523,951
Refunds	922,880	-	-	922,880
Other	<u>1,599,441</u>	-	-	<u>1,599,441</u>
Total reductions	<u>4,933,115</u>	<u>5,237,223</u>	<u>286,728</u>	<u>10,457,066</u>
Unsettled deposits - end of year	<u>\$ 7,848,030</u>	<u>\$ 4,771,933</u>	<u>\$ 548,210</u>	<u>\$ 13,168,173</u>

**9. Fund Balance**

Louisiana R.S. 13:785 requires the Clerk of Court to pay the parish treasurer the portion of the general fund's fund balance that exceeds one-half of the revenues earned during the Clerk of Court's last year of each four year term of office. At June 30, 1996, there was no amount due the parish treasurer as this was not the last year of the Clerk's four-year term of office, and no determination of the amount that will be due, if any, can be made at this time.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

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**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

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**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**6. Changes in General Long-Term Obligations (continued)**

Due to other governmental agencies consisted of the following:

	1996	1995
<p>\$152,000, non-interest bearing, note payable to the City of Baton Rouge / Parish of East Baton Rouge dated 11/05/93; due in 6 annual installments of \$24,000 and 1 final payment of \$8,000 (less unamortized discounts of \$18,044 and \$25,715 at June 30, 1996 and 1995, respectively, based on an imputed interest rate of 7.5%); debt is unsecured.</p>	<p><u>\$ 85,956</u></p>	<p><u>\$ 102,285</u></p>

The annual requirements to amortize the note payable to other governmental agencies and capital lease obligation as of June 30, 1996, including interest payments of \$18,225, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
1997	\$ 28,500
1998	24,000
1999	24,000
2000	24,000
2001	8,000
	<u>\$ 108,500</u>

**7. Expenses of the Clerk of Court Paid by the City / Parish**

Certain operating expenditures of the Clerk of Court's office are paid by the City of Baton Rouge/Parish of East Baton Rouge and are not included in the accompanying financial statements.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Leases (continued)**

The Clerk is obligated under several additional operating leases for equipment which expire over the next several fiscal years. The annual minimum lease payments under these operating leases as of June 30, 1996, are as follows:

Fiscal years ending <u>June 30,</u>	
1997	\$ 45,197
1998	<u>23,716</u>
	<u>\$ 68,913</u>

Total lease expenditures amounted to \$75,575 during the year ended June 30, 1996.

**6. Changes in General Long-Term Obligations**

The following is a summary of the general long-term obligation transactions that occurred during the year:

	Balance <u>June 30, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1996</u>
Annual leave payable	\$ 206,349	\$ 16,320	\$ -	\$ 222,669
Capital lease obligations	9,596	-	5,277	4,319
Due to other governmental agencies	<u>102,285</u>	<u>-</u>	<u>16,329</u>	<u>85,956</u>
Total	<u>\$ 318,230</u>	<u>\$ 16,320</u>	<u>\$ 21,606</u>	<u>\$ 312,944</u>





**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**4. Pension Plan (continued)**

**Funding Policy**

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the East Baton Rouge Parish Clerk of Court is required to contribute at an actuarially determined rate. The current rate is 11.50 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one-half of one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the East Baton Rouge Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The East Baton Rouge Parish Clerk of Court's contributions to the System for the years ending June 30, 1996, 1995, and 1994, were \$399,390, \$359,827, and \$287,202, respectively, equal to the required contributions for each year.

**5. Lease Agreements**

The Clerk of Court records items acquired under capital leases as assets and the corresponding obligations as general long-term obligations. The following is an analysis of equipment acquired under various capital leases:

<u>Type</u>	<u>Amount</u>
Equipment	<u>\$ 23,533</u>

The following is a schedule of future minimum lease payments under capital leases, including the present value of the net minimum lease payments, as of June 30, 1996:

	<u>Amount</u>
Total payments scheduled during the fiscal year ending June 30, 1997	\$ 4,500
Less: Amount representing interest	<u>( 181)</u>
Present value of net minimum lease payments	<u>\$ 4,319</u>



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**3. General Fixed Assets**

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1996</u>
Equipment	\$ 3,118,362	\$ 99,989	\$ 565,577	\$ 2,652,774
Total	<u>\$ 3,118,362</u>	<u>\$ 99,989</u>	<u>\$ 565,577</u>	<u>\$ 2,652,774</u>

**4. Pension Plan**

**Plan Description**

Substantially all employees of the East Baton Rouge Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to a percent of the final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. 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, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (504) 293-1162.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Total Columns on the Combined Statements - Overview**

The total columns on the combined balance sheet are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Since interfund eliminations have not been made in the aggregation of this data, data in these total columns does not present the Clerk of Court's financial position in conformity with generally accepted accounting principles and is not comparable to a consolidation.

**Encumbrances**

Encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of that appropriation, is not employed by the Clerk of Court.

**Reclassification**

Certain 1995 balances have been reclassified to conform with the 1996 financial statement presentation.

**2. Receivables**

Receivables at June 30, 1996, consisted of the following:

Class of Receivables	<u>Amount</u>
Trade accounts	\$ 966,651
NSF checks	6,230
Miscellaneous	40,971
Interest	<u>82,593</u>
Total	<u>\$ 1,096,445</u>



**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Cash and Investments**

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market.

Under Louisiana Revised Statutes 39:1271 and 33:2955, the Clerk of Court may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, or time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

**Accounts Receivable**

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.

**Compensated Absences**

The Clerk of Court 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 thirty-five working days (280 hours).

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

At June 30, 1996, employees of the Clerk of Court had accumulated and vested \$222,669 of annual leave benefits, which was computed in accordance with Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, and is recorded within the general long-term obligations account group.

**Operating Transfers In and Out**

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.





**EAST BATON ROUGE PARISH CLERK OF COURT**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**General Fixed Assets and General Long-Term Obligations (continued)**

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligations account group, not in the General Fund.

These two account groups are not funds. They are concerned only with the measurement of financial position and do not involve measurement of results of operations.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available as net current assets. Charges for services and interest revenues are susceptible to accrual. All other revenues are not susceptible to accrual as they are generally not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is the principal and interest on long-term debt which is recognized when due.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenditures during the reporting period. Actual results could differ from these estimates.

**Budgetary Practices**

Annually, the Clerk of Court adopts a budget for its General Fund. The General Fund budget is prepared on a modified accrual basis of accounting and includes original adopted amounts and all subsequent amendments. All annual appropriations lapse at fiscal year end.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Reporting Entity (continued)**

Since the East Baton Rouge Parish Clerk of Court is fiscally dependent on the City/Parish, it is considered to be a component unit of the City/Parish, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the East Baton Rouge Parish Clerk of Court and do not present information on the City of Baton Rouge / Parish of East Baton Rouge, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**Fund Accounting**

The accounts of the Clerk of Court are organized on the basis of funds and account groups, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts which are segregated for the purpose of carrying on specific activities or attaining certain directives in accordance with special regulations, restrictions, or limitations. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

**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's office. The various fees and charges due to the Clerk's office are accounted for in this fund. General operating expenditures are also paid from this fund.

**Agency Funds**

The Advance Deposit Fund, Registry of Court Fund, Bond Fund, and Deferred Compensation Fund are agency funds used to account for assets held by the Clerk as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**General Fixed Assets and General Long-Term Obligations**

General fixed assets are long-lived assets of the Clerk of Court. When purchased, such assets are recorded as expenditures in the general fund and capitalized (recorded and accounted for) in the General Fixed Assets account group. General fixed assets provided by the City/Parish are not recorded within the General Fixed Assets account group. Fixed assets are valued at historical cost, and no depreciation has been provided.





**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Summary of Significant Accounting Policies**

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

The accounting and reporting practices of the East Baton Rouge Parish Clerk of Court conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidance set forth in the *Louisiana Governmental Accounting Guide* and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant policies and practices:

**Reporting Entity**

As the governing authority of the parish, for reporting purposes, the City of Baton Rouge / Parish of East Baton Rouge (City/Parish) is the financial reporting entity for East Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (City/Parish), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the City of Baton Rouge / Parish of East Baton Rouge for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability to impose your will on that organization and/or
  - b. the potential to provide specific financial benefits to or impose specific financial burdens on that organization.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization was not included.



**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**YEAR ENDED JUNE 30, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>REVENUES</u></b>			
Licenses and permits	\$ 63,861	\$ 47,647	(\$ 16,214)
Charges for services:			
Court cost and fees	132,799	110,942	( 21,857)
Recording	4,531,238	4,562,705	31,467
Copies	613,949	585,491	( 28,458)
Interest	317,770	390,342	72,572
Miscellaneous	544,056	653,531	109,475
Total revenues	6,203,673	6,350,658	146,985
<b><u>EXPENDITURES</u></b>			
General government:			
Personal services and benefits	4,883,251	4,723,039	160,212
Operating services	689,453	718,199	( 28,746)
Capital outlay	98,517	99,989	( 1,472)
Materials and supplies	504,720	500,150	4,570
Travel	51,485	70,120	( 18,635)
Debt service:			
Principal retirement	-	21,606	( 21,606)
Interest	-	8,393	( 8,393)
Total expenditures	6,227,426	6,141,496	85,930
<b><u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u></b>	( 23,753)	209,162	232,915
Fund balance - beginning of year	23,753	23,753	-
Fund balance - end of year	\$ -	\$ 232,915	\$ 232,915

The accompanying notes are an integral part of this statement.



Account Groups		Total
General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
		1996
\$ -	\$ -	\$ 4,625,651
-	-	7,910,690
-	-	966,651
-	-	129,794
-	-	85,421
-	-	45,380
2,652,774	-	2,652,774
-	312,944	312,944
<u>\$ 2,652,774</u>	<u>\$ 312,944</u>	<u>\$ 16,729,305</u>
\$ -	\$ -	\$ 108,899
-	-	110,636
-	-	12,163
-	85,956	85,956
-	-	85,421
-	222,669	222,669
-	-	45,380
-	4,319	4,319
-	-	13,168,173
-	312,944	13,843,616
2,652,774	-	2,652,774
-	-	232,915
<u>2,652,774</u>	<u>-</u>	<u>2,885,689</u>
<u>\$ 2,652,774</u>	<u>\$ 312,944</u>	<u>\$ 16,729,305</u>



**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1996**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>General Fund</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash	\$ 95,923	\$ 4,529,728
Certificates of deposit	-	7,910,690
Accounts receivable	241,819	724,832
Miscellaneous receivables	41,450	88,344
Due from other funds	85,421	-
Deferred compensation benefit investments	-	45,380
General fixed assets	-	-
Amount to be provided for the retirement of general long-term obligations	-	-
	-	-
Total assets	<b><u>\$ 464,613</u></b>	<b><u>\$ 13,298,974</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 108,899	\$ -
Accrued insurance claims	110,636	-
Payroll withholdings and other accrued expenses	12,163	-
Due to other governmental agencies	-	-
Due to other funds	-	85,421
Annual leave payable	-	-
Deferred compensation plan payable	-	45,380
Capital lease obligations	-	-
Unsettled deposits	-	13,168,173
Total liabilities	<b><u>231,698</u></b>	<b><u>13,298,974</u></b>
 <b>Fund Equity</b>		
Investment in general fixed assets	-	-
Fund balance - unreserved	232,915	-
Total fund equity	<b><u>232,915</u></b>	<b><u>-</u></b>
Total liabilities and fund equity	<b><u>\$ 464,613</u></b>	<b><u>\$ 13,298,974</u></b>

The accompanying notes are an integral part of this statement.



We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Finding:	The segregation of duties is inadequate to provide effective internal control.
Cause:	The condition is due to economic and space limitations.
Recommendation:	No action recommended.
Management's response:	Even though adequate segregation of duties cannot be accomplished due to limited staffing in the administrative accounting area, other controls are in place to provide adequate safeguarding of assets.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the lack of segregation of duties is a material weakness.

This report is intended for the information of the Clerk of Court, management of the East Baton Rouge Parish Clerk of Court's office, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Paulthwait & Metternich*

Baton Rouge, Louisiana  
October 31, 1996







# Postlethwaite & Netterville

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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE**  
**BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL**  
**STATEMENTS PERFORMED IN ACCORDANCE WITH**  
**GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 1996, and have issued our report thereon dated October 31, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

The management of the East Baton Rouge Parish Clerk of Court is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to this internal control structure, we obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.





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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON  
AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 1996, and have issued our report thereon dated October 31, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the East Baton Rouge Parish Clerk of Court is the responsibility of the Clerk of Court's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the East Baton Rouge Parish Clerk of Court's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Clerk of Court, management of the East Baton Rouge Parish Clerk of Court's office, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 31, 1996



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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the East Baton Rouge Parish Clerk of Court as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the East Baton Rouge Parish Clerk of Court's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual suit docket balances in its *Advance Deposit Fund* with the corresponding unsettled deposits liability of \$7,848,030 recorded on its balance sheet at June 30, 1995, 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, 1996. These account balances, which are recorded in the *Advance Deposit Fund*, represented approximately 5% and 59% of the total *Fiduciary Funds'* assets and liabilities, respectively, at June 30, 1996. The effect on the financial statements of not reconciling these individual suit docket balances cannot be reasonably determined.

In our opinion, except for the effects of any adjustments that might be required with respect to the *Advance Deposit Fund* discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Clerk of Court as of June 30, 1996, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 31, 1996, on our consideration of both the Clerk of Court's internal control structure and its compliance with laws and regulations.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
October 31, 1996

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**EAST BATON ROUGE PARISH CLERK OF COURT**  
**BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS**

**JUNE 30, 1996**



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BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 MAR 12 1997

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