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EAST BATON ROUGE PARISH CLERK OF COURT
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 1987

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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: 8/25/88

**East Baton Rouge Parish Clerk of Court
East Baton Rouge, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report**

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CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

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

I 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, 1997. These general purpose financial statements are the responsibility of the East Baton Rouge Parish Clerk of Court's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

Due to the East Baton Rouge Parish Clerk of Court's inability to reconcile the individual audit balances in its Advance Deposit Fund with the corresponding unsettled deposits liability of \$8,438,013 recorded on its balance sheet at June 30, 1997, I was unable to satisfy myself, by any auditing procedures, as to the reasonableness of the accounts receivable and unsettled deposits account balances recorded in this fund at June 30, 1997. These account balances, which are recorded in the Advance Deposit Fund, represented approximately 54 and 33% of the total fiduciary funds' assets and liabilities, respectively, at June 30, 1997. The effect on the financial statements of not reconciling these individual audit balances cannot be reasonably determined.

In my 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, 1997, and the results of its operations for the year then ended in

conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued reports dated November 3, 1997, on my consideration of both the Clerk of Court's internal control structure and its compliance with laws and regulations.



Martin G. Galt, Louisiana
November 3, 1997

ROY HERBERT
CERTIFIED PUBLIC ACCOUNTANT

1975 EDITION OF THE REPORT
BY THE BOARD OF ACCOUNTANTS
AND THE BOARD OF TAXATION
AND THE BOARD OF FINANCE

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF THE STATE
CERTIFIED PUBLIC ACCOUNTANTS

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

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

I 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, 1997, and have issued my report thereon dated November 5, 1997.

I conducted my audit in accordance with generally accepted auditing standards and ~~Government Auditing Standards~~, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether or 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 that 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 in 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 my 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, 1997, I obtained an understanding of the internal control structure. With respect to this internal control structure, I obtained an understanding of the design of the relevant policies and procedures and whether they have been placed in opera-

tion, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted a certain matter involving the internal control structure and its operation that I consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my 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 is 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.

My 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, I believe that the lack of segregation of duties is a material weakness.

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



Baton Rouge, Louisiana
November 2, 1997

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**INDEPENDENT AUDITOR'S 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

I 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, 1997, and have issued my report thereon dated November 5, 1997.

I conducted my 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 I 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 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, I 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 my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my 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 East Baton Rouge Parish Clerk of Court, management of the East Baton Rouge Parish Clerk of Court, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.



Baton Rouge, Louisiana
November 8, 1997



East Baton Rouge Parish Clerk of Court
 Baton Rouge, Louisiana
 Combined Balance Sheet-All Fund Types and Account Groups
 June 30, 1987

	GOVERNMENTAL FUND TYPE GENERAL FUND	FIDUCIARY FUNDS- AGENCY FUNDS
ASSETS		
ASSETS:		
Cash	\$ 734,876	\$ 6,488,416
Certificates of deposit	803,000	8,580,100
Accounts receivable	363,874	333,254
Miscellaneous receivables	48,248	189,088
Due from other funds	120,212	-
Deferred compensation benefit investments	-	84,824
General fixed assets	-	-
Other debits:		
Amount to be provided for retirement of general long-term obligations	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 1,967,206	\$ 15,915,659
LIABILITIES, EQUITY, AND OTHER CREDITS		
LIABILITIES:		
Accounts payable	\$ 98,196	\$ -
Accrued interest claims	193,902	-
Payroll withholdings and other accrued expenses	197,628	-
Due to other governmental agencies	-	-
Due to other funds	-	120,212
Annual leave payable	-	-
Deferred compensation plan payable	-	84,824
Unsettled deposits	-	15,710,623
Total liabilities	489,726	15,915,659
Equity and Other Credits:		
Investment in general fixed assets	-	-
Fund balance:		
Fund balance-Unreserved	1,477,480	-
Total equity and other credits	1,477,480	-
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 1,967,206	\$ 15,915,659

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS		
GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL OBLIGATIONS ONLY?
\$ -	\$ -	\$ 7,143,399
-	-	9,388,104
-	-	997,102
-	-	157,332
-	-	138,212
-	-	84,825
2,682,368	-	2,682,368
-	329,974	329,974
<u>\$ 2,682,368</u>	<u>\$ 329,974</u>	<u>\$ 30,899,309</u>
\$ -	\$ -	\$ 90,154
-	-	393,952
-	-	597,639
-	48,523	48,523
-	-	320,232
-	288,443	288,443
-	-	84,825
-	-	18,710,822
-	529,974	529,974
2,682,368	-	2,682,368
-	-	1,477,429
<u>2,682,368</u>	<u>-</u>	<u>4,159,797</u>
<u>\$ 2,682,368</u>	<u>\$ 329,974</u>	<u>\$ 28,899,309</u>

The accompanying notes are an integral part of this statement.

EAST BATON BOUGE PARISH CLERK OF COURT
Baton Rouge, Louisiana
GOVERNMENTAL FUND-TYPE-GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Licenses and permits	60,800	44,084	(16,716)
Fees and charges for services:			
Court costs, fees, and charges	128,850	187,584	120,863
Recording of legal documents	4,440,800	4,728,403	1,288,603
Certified copies of documents	1,820,800	753,243	(288,758)
Miscellaneous	482,800	573,213	130,613
Interest income	220,800	488,895	376,895
Total revenues	<u>6,231,550</u>	<u>5,664,394</u>	<u>(1,458,186)</u>
EXPENDITURES			
General government:			
Personnel services and related benefits	4,888,920	4,855,947	(287,667)
Operating services	786,960	748,899	(31,661)
Materials and supplies	579,200	671,368	(92,268)
Travel	54,360	48,088	(6,272)
Debt service	4,000	52,319	48,319
Capital outlay	128,000	48,809	79,191
Total expenditures	<u>6,193,920</u>	<u>6,421,821</u>	<u>(227,901)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>37,230</u>	<u>1,344,818</u>	<u>1,201,288</u>
FUND BALANCE-BEGINNING OF YEAR	-	332,914	332,914
FUND BALANCE-END OF YEAR	<u>\$ 37,230</u>	<u>\$ 1,479,429</u>	<u>\$ 1,440,199</u>

The accompanying notes are an integral part of this statement.

East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

Notes to the Financial Statements

NOTE 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 has other duties and powers provided by law. The clerk of court is elected for a term of four years.

A. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the City of Baton Rouge/Parish of East Baton Rouge 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 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 of the City/Parish to impose its 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 City/Parish does not appoint a voting majority but are financially dependent on the metropolitan council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the clerk of court is fiscally dependent on the City/Parish, it 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

**East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana**

Notes to the Financial Statements

funds maintained by the clerk of court 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. FUND ACCOUNTING

The clerk of court uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the "funds" because they do not directly affect net expendable available financial resources.

Funds of the clerk of court are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

General Fund(Salary):

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 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 on an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. GENERAL FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets account group, rather than in the General Fund. General fixed assets provided by the City/Parish government are not recorded within the General Fixed Assets account group. Fixed assets are valued at historical cost or estimated historical cost if historical cost is not available. No depreciation has been provided on general fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligations account group.

**East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana**

Notes to the Financial Statements

not in the General Fund.

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

D. 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 a current (financial) resources measurement focus. The accompanying component unit financial statements have been prepared on the modified accrual basis of accounting.

The governmental fund utilizes the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available or net current assets. Charge 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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual leave which is not accrued and the principal and interest on long-term debt which is recognized when due.

E. BUDGETARY PRACTICES

The proposed budget was made available for public inspection for the fiscal year beginning July 1, 1996, and ending June 30, 1997, on June 27, 1996, at the clerk of court's office.

The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 14 days prior to the public hearing. A public hearing was held at the clerk of court's office in Room 4079 on June 27, 1996, for comments from taxpayers. The proposed budget is legally adopted and amended, as necessary, by the clerk of court. All appropriations lapse at year end.

Normal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

**East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana**

Notes to the Financial Statements

F. CASH AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and certificates of deposit. Under Louisiana Revised Statutes 48:1271 and 33:2855, the clerk of court 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.

G. 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.

H. DEFERRED BENEFITS

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 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 accrues 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, 1997, employees of the clerk of court had accumulated and vested \$264,442 of annual leave benefits, which was computed in accordance with Statement No. 18 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, and is recorded within the general long-term obligations account group.

I. TOTAL COLUMN ON THE FINANCIAL STATEMENTS

The total column on the combined balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

Notes to the Financial Statements

3. 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.

NOTE 2-RECEIVABLES

Receivables at June 30, 1997, consisted of the following:

Class of Receivables		
Trade accounts	\$	263,878
NSF checks		1,763
Miscellaneous		48,481

Total	\$	312,118

NOTE 3-CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 1996	Additions	Deletions	Balance June 30, 1997
Equipment	\$ 2,452,774	\$ 48,889	\$ 19,105	\$ 2,482,558
	-----	-----	-----	-----
	\$ 2,452,774	\$ 48,889	\$ 19,105	\$ 2,482,558
	-----	-----	-----	-----

NOTE 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 public employee 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 employment are required to participate in the System. Employees who retire at or after age 55 with at least 33 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 1 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who

**East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana**

Notes to the Financial Statements

terminate with at least 13 years of service and do not withdraw their employee contributions may retire at or after age 65 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 Brickstone Avenue, Suite 81, Baton Rouge, Louisiana 70816, or by calling (584)293-1180.

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 11.08 percent. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the East Baton Rouge Parish Clerk of Court are established and may be amended by state statute. As provided by R.S. 11:123, 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 ended June 30, 1997, 1998, and 1999, were \$379,813, \$359,190, and \$319,827, respectively, equal to the required contributions for each year.

NOTE 3. POST RETIREMENT BENEFITS

The East Baton Rouge Clerk of Court provides certain health care and life insurance benefits for retired employees. Substantially all of the clerk's employees become eligible for these benefits if they reach normal retirement age while working for the clerk of court. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the clerk of court. The clerk of court recognizes the cost of providing these benefits (the clerk's portion of premiums) as an expenditure when the monthly premiums are due.

NOTE 4. LEASES

The clerk of court records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of equipment acquired under various capital leases:

East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana

Notes to the Financial Statements

Item	Amount
Equipment	\$ 4,318

The clerk of court also has operating leases for equipment which expire over the next fiscal year. The annual minimum lease payments under these operating leases as of June 30, 1997, are as follows:

Fiscal year ending <u>June 30,</u>	Amount
1998	\$ 33,714

NOTE 7-CHANGES IN AGENCY FUND BALANCE

The following presents the changes in unsettled deposits in the agency funds during the year ended June 30, 1997.

	Advanced Deposit Fund	Registry of Court	Bond Fund	Total
Unsettled deposits beginning of year	\$ 7,688,038	\$ 4,771,883	\$ 548,218	\$12,968,139
Additions				
Deposits	5,683,748	3,823,753	483,583	9,991,084
Interest earned	-	197,874	17,437	315,311
Total additions	5,683,748	4,021,627	501,020	10,206,395
Reductions				
Clerk's costs	2,713,264	-	-	2,713,264
Settlements to litigants	-	2,101,968	182,310	2,284,282
Refunds	768,316	-	-	768,316
Other	1,625,377	-	-	1,625,377
Total reductions	5,107,957	2,101,968	182,310	7,392,235
Unsettled deposits end of year	\$ 8,434,013	\$ 6,689,538	\$ 787,928	\$15,911,479

**East Baton Rouge Parish Clerk of Court
Baton Rouge, Louisiana**

Notes to the Financial Statements

NOTE 2--CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the general long-term obligations transactions during the year:

	Balance June 30, 1986	Additions	Reductions	Balance June 30, 1987
Compensated absences	\$ 212,849	\$ 61,774	\$ -	\$ 274,623
Capital leases	4,318	-	4,318	-
Due to other governmental agencies	48,866	-	38,423	10,443
Total	\$ 266,033	\$ 61,774	\$ 42,741	\$ 285,066

Due to other governmental agencies consists of a \$152,860, non-interest bearing, note payable to the City of Baton Rouge/Parish of East Baton Rouge dated November 9, 1983. This is a annual installment of \$24,800 and a final payment of \$2,600 less unamortized discounts of \$6,447 and \$18,044 at June 30, 1987 and 1988, respectively, based on an imputed interest rate of 7.5 percent; the debt is unsecured.

The annual requirements to amortize the note payable to other governmental agencies as of June 30, 1987, including interest payments of \$6,447, are as follows:

Fiscal years ending June 30,	Amount
1988	\$ 24,800
1989	24,800
1990	6,400

NOTE 3--EXCESS FUND BALANCE

Louisiana R.S. 18:785 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, 1987, 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
Baton Rouge, Louisiana

Notes to the Financial Statements

NOTE 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, 1997.

The claims liability of \$183,952 reported at June 30, 1997, is based on the requirements of Government Auditing Standards Board Statement 10, Responsibilities and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

Unpaid claims and claim adjustment expenses at June 30, 1996	\$ 118,636
Incurred claims and claim adjustment expenses:	
Provision for insured events of the current fiscal year	732,171
Decrease in provision for insured events of prior fiscal years	(19,827)
Total incurred claims and claim adjustment expenses	712,344
Payments:	
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	538,218
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	86,028
Total payments	624,246
Unpaid claims and claim adjustment expenses at June 30, 1997	\$ 183,952

**East Baton Rouge Parish Clerk of Court
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Notes to the Financial Statements

NOTE 11: CASH

At June 30, 1997, the clerk of court's cash balances totaled \$18,523,394 as follows:

Petty cash	\$ 2,075
Interest-bearing demand deposits	7,141,255
Certificates of deposit	9,380,184

	\$18,523,394

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the East Baton Rouge Parish Clerk of Court in a holding or custodial bank that is mutually agreeable to both parties. At June 30, 1997, the clerk of court had \$18,541,312 in deposits (collected bank balances). These deposits were secured from risk by \$8,387,197 of Federal deposit insurance and \$10,154,115 of pledged securities held by the fiscal agent bank in the name of the clerk of court.

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the clerk, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C30.186; however, Louisiana Revised Statute 19:1223 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the clerk that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 12: DEFERRED COMPENSATION PLAN

The clerk of court 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 trust 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

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Notes to the Financial Statements

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 of court 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.

NOTE 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.

NOTE 14: EXPENSES OF THE CLERK OF COURT 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. These expenditures are summarized as follows:

Operating expenditures

Telephones	\$ 38,789

Juror and witness fees	\$ 834,001
