

*Financial Report*

*St. Bernard Parish Clerk of Court*

*June 30, 2020*

*Financial Report*

*St. Bernard Parish Clerk of Court*

*June 30, 2020*

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June 30, 2020

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Randy Nunez,  
St. Bernard Parish Clerk of Court,  
Chalmette, Louisiana.

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major funds of the St. Bernard Parish Clerk of Court (the "Clerk of Court"), as of and for the year ended June 30, 2020 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion 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 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 misstatements 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 controls. 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of St. Bernard Parish Clerk of Court as of June 30, 2020, and the respective changes in financial position and changes in assets and liabilities 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 Management's Discussion and Analysis on pages 4 through 11, and the required supplementary information on pages 48 through 51, 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 operations, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information, on page 53, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3), and is not a required part of the basic financial statements. The information on page 52 is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of the St. Bernard Parish Clerk of Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
December 15, 2020.



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

June 30, 2020

The Management's Discussion and Analysis (MD&A) of the St. Bernard Parish Clerk of Court (the "Clerk of Court"), financial performance presents a narrative overview and analysis of the Clerk of Court's financial activities for the year ended June 30, 2020. It identifies changes in the Clerk of Court's overall financial position and results of operations and assists the user in determining whether the financial position has improved or deteriorated as a result of the year's operations. It also identifies any significant variations from the original budget amounts and includes any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and identifies individual issues or concerns. The MD&A focuses on the current year's activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of the MD&A should read and evaluate all sections of this report, including the notes to financial statements and required supplemental information section (RSI) that are provided in addition to this MD&A.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the Clerk of Court's basic financial statements. The Clerk of Court's financial report consists of four parts: (1) MD&A (this section), (2) basic financial statements, (3) required supplementary information, and (4) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Clerk of Court:

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Clerk of Court's finances, in a manner similar to a private sector business. Under this format, all governmental activities are consolidated into columns which add to a total for the governmental entity. For the Clerk of Court, only governmental activities are included in the presentation. Accordingly, there is no "totals" column in the presentation.

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

### **Government-Wide Financial Statements (Continued)**

- a. The Statement of Net Position (Deficit) presents information on all of the Clerk of Court's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as the net position. Over time, increases or decreases in the net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the Clerk of Court is improving or weakening.
- b. The Statement of Activities presents information showing how the Clerk of Court's net position changed during the years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function (salaries and benefits, office expenses, insurance, auto and travel, other expenses, and depreciation) reduced by the Program Revenues (charges for services, licenses, and grants) directly related to the program to determine net program expenses.

### **Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources which have been segregated for specific activities or objectives. The Clerk of Court, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Clerk of Court uses two categories of funds to account for financial transactions: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

### **Fund Financial Statements (Continued)**

The Clerk of Court maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Clerk of Court adopts an annual appropriated budget for its General Fund. A budgetary comparison statement, page 18, and the note to budgetary reporting have been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14 through 19 of this report.

The only type of fiduciary fund maintained by the Clerk of Court is "agency" funds. Agency funds are custodial in nature and represent assets held by the Clerk of Court as an agent for litigants pending court action. Under applicable Government Auditing Standards Board (GASB) standards, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk of Court's other financial statements because the Clerk of Court cannot use these assets to finance its operations. The Clerk of Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 20 of this report.

## **FINANCIAL HIGHLIGHTS**

The financial statements provide details of the current year operations summarized as follows:

- The governmental activities reported total ending deficit fund balance of \$2,246,430. This compares to the prior year ending deficit fund balance of \$2,207,349 showing an increase of \$39,081 during the current year.
- During the year, the Clerk of Court generated fees and other revenues of \$1,861,864 that were \$39,081 less than the \$1,900,945 of expenses.
- Program revenues increased by \$32,700 or approximately 1.79% from the prior year.
- Salaries and benefits increased by \$80,465 or approximately 5.79% from the prior year.
- Total expenses increased by \$127,687 or approximately 7.20% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)****Statement of Net Position and Statement of Activities**

Presented below are condensed Statements of Net Position and Statements of Activities for the Clerk of Court. The condensed format allows the reader to view the overall financial position of the Clerk of Court. Explanations of the components of the statements are included immediately following the statements.

**Condensed Statements of Net Position (Deficit)**

|  | <u>Total Governmental Activities</u> |                       | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|--|--------------------------------------|-----------------------|--------------------------------|------------------------------|
|  | <u>2020</u>                          | <u>2019</u>           |                                |                              |
| Cash and other current assets                        | \$ 335,415                           | \$ 549,703            | \$ (214,288)                   | -38.98%                      |
| Capital assets, net                                  | <u>106,551</u>                       | <u>110,610</u>        | <u>(4,059)</u>                 | -3.67%                       |
| Total assets   | <u>441,966</u>                       | <u>660,313</u>        | <u>(218,347)</u>               | -33.07%                      |
| Deferred outflows of resources                       | <u>591,822</u>                       | <u>561,481</u>        | <u>30,341</u>                  | 5.40%                        |
| Other liabilities                                    | <u>3,035,866</u>                     | <u>3,301,194</u>      | <u>(265,328)</u>               | -8.04%                       |
| Deferred inflows of resources                        | <u>244,352</u>                       | <u>127,949</u>        | <u>116,403</u>                 | 90.98%                       |
| Net position (deficit):                              |                                      |                       |                                |                              |
| Investment in capital assets,<br>net of related debt | 106,551                              | 110,610               | (4,059)                        | -3.67%                       |
| Unrestricted   | <u>(2,352,981)</u>                   | <u>(2,317,959)</u>    | <u>(35,022)</u>                | 1.51%                        |
| Total net position (deficit)                         | <u>\$ (2,246,430)</u>                | <u>\$ (2,207,349)</u> | <u>\$ (39,081)</u>             | 1.77%                        |

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)****Statement of Net Position and Statement of Activities (Continued)****Condensed Statements of Activities**

|  | <u>Total Governmental Activities</u> |                     | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|--|--------------------------------------|---------------------|--------------------------------|------------------------------|
|  | <u>2020</u>                          | <u>2019</u>         |                                |                              |
| Program revenues:                      |                                      |                     |                                |                              |
| Charges for services and<br>licenses   | <u>\$ 1,861,864</u>                  | <u>\$ 1,829,164</u> | <u>\$ 32,700</u>               | 1.79%                        |
| Program expenses:                      |                                      |                     |                                |                              |
| Salaries                               | 1,036,045                            | 1,033,193           | 2,852                          | 0.28%                        |
| Employee benefits and<br>payroll taxes | 433,305                              | 355,692             | 77,613                         | 21.82%                       |
| Office expenditures and<br>insurance   | 377,204                              | 354,172             | 23,032                         | 6.50%                        |
| Travel and auto allowances             | 518                                  | 356                 | 162                            | 45.51%                       |
| Other expenditures                     | 49,814                               | 25,787              | 24,027                         | 93.17%                       |
| Depreciation                           | <u>4,059</u>                         | <u>4,058</u>        | <u>1</u>                       | 0.02%                        |
| Total program expenses                 | <u>1,900,945</u>                     | <u>1,773,258</u>    | <u>127,687</u>                 | 7.20%                        |
| Change in net<br>position (deficit)    | <u>\$ (39,081)</u>                   | <u>\$ 55,906</u>    | <u>\$ (94,987)</u>             | -169.90%                     |

The Clerk of Court's net position decreased by \$39,081 as a result of this year's operations. The overall financial position decreased slightly from the prior year. The balance in net position represents the accumulated results of all past years' operations. The Clerk of Court's total revenues for the year were \$1,861,864. All revenues were charges for services and licenses. The total cost of all judicial programs and services was \$1,900,945 with no new programs added this year.

**Financial Analysis of Governmental Funds**

The Clerk of Court maintains only one "governmental fund" - the General Fund. The General Fund Balance Sheet is on Page 14 of this report and the Statement of Revenues, Expenditures, and Changes in Fund Balance are on page 16 of this report.

Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the Clerk of Court. The analysis in this section includes a discussion of the General Fund financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)****Financial Analysis of Governmental Funds (Continued)**

As of June 30, 2020, the General Fund reported total fund balance of \$280,532, an increase of \$27,212 from the prior year total fund balance. This increase is due to revenues of \$1,861,864 exceeding expenditures of \$1,834,652. The Clerk of Court is focused on reducing expenditures in order to maintain a positive fund balance. The Clerk of Court will maintain spending levels at or below revenues.

**Analysis of the General Fund Budget**

The budget for the General Fund was as follows:

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Increase<br/>(Decrease)</u> | <u>Percentage<br/>Change</u> |
|--|----------------------------|-------------------------|--------------------------------|------------------------------|
| Revenues:                              |                            |                         |                                |                              |
| Program revenues                       | <u>\$ 1,941,363</u>        | <u>\$ 1,941,363</u>     | <u>\$ -</u>                    | 0.00%                        |
| Expenditures:                          |                            |                         |                                |                              |
| Salaries                               | 1,032,877                  | 1,032,877               | -                              | 0.00%                        |
| Employee benefits and<br>payroll taxes | 395,307                    | 395,307                 | -                              | 0.00%                        |
| Office expense and insurance           | 369,058                    | 369,058                 | -                              | 0.00%                        |
| Auto and travel                        | 375                        | 375                     | -                              | 0.00%                        |
| Other expenditures                     | <u>35,525</u>              | <u>35,525</u>           | <u>-</u>                       | 0.00%                        |
| Total expenditures                     | <u>1,833,142</u>           | <u>1,833,142</u>        | <u>-</u>                       | 0.00%                        |
| Excess of revenue over<br>expenditures | 108,221                    | 108,221                 | -                              | 0.00%                        |
| Beginning fund balance                 | <u>244,693</u>             | <u>244,693</u>          | <u>-</u>                       | 0.00%                        |
| Ending fund balance                    | <u>\$ 352,914</u>          | <u>\$ 352,914</u>       | <u>\$ -</u>                    | 0.00%                        |

When the budget for the year ended June 30, 2020 was originally prepared, revenues and expenditures were reflected in a conservative manner. There were no budget amendments for the year ended June 30, 2020

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Capital Assets**

There were no additions of capital assets as of the year ended June 30, 2020. Depreciation expense for the year ended June 30, 2020 totaled \$4,059. A summary of activity for capital assets is presented in the notes to the financial statements in Note 5.

|                               |                   |
|-------------------------------|-------------------|
| Beginning balance             | \$ 694,121        |
| Additions                     | -                 |
| Less accumulated depreciation | <u>(587,570)</u>  |
| Ending balance                | <u>\$ 106,551</u> |

**Long-Term Debt**

The Clerk of Court is not allowed to incur long-term indebtedness for bonds or notes payable. As of June 30, 2020, the Clerk of Court had no long-term debt outstanding.

**Economic Factors and Next Year's Budget**

The Clerk of Court must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances, and historical trends.

A summary of the current budget for the year ending June 30, 2021 follows:

**Condensed Budget**

|   |                   |
|---|-------------------|
| Revenue                                 | \$ 1,961,961      |
| Expenditures:                           |                   |
| Operations                              | <u>1,866,427</u>  |
| Excess of revenues<br>over expenditures | 95,534            |
| Beginning fund balance                  | <u>352,914</u>    |
| Ending fund balance                     | <u>\$ 448,448</u> |

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**Economic Factors and Next Year's Budget (Continued)**

The Clerk of Court's three major sources of funding are recording fees, suits and successions and photocopies and subscription fees. For the year ending June 30, 2021, it is anticipated that suits and successions fees will increase due to anticipated increased activity. Recording fees, photocopies, and subscription fees are expected to be consistent with the 2020 fiscal year. The Clerk maintains a conservative estimate of revenues.

Suits and successions revenue is solely determined by the legal activity and proceedings. For the year ending June 30, 2021, fees are expected to increase from 2020 actual.

The Clerk of Court has budgeted benefits with a small increase due to anticipated increases in insurance.

The Clerk of Court has budgeted office expenses and other expenditures to be consistent with the 2020 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the St. Bernard Parish Clerk of Court's finances for all those with an interest in the Clerk of Court's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Randy Nunez, Clerk of Court, St. Bernard Parish Clerk of Court, P.O. Box 1746, St. Bernard, LA 70044-1746; phone number (504) 271-3434.



**STATEMENT OF NET POSITION (DEFICIT)****St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

June 30, 2020

**Assets**

|   |                |
|---|----------------|
| Cash and cash equivalents                       | \$ 204,909     |
| Receivables, net                                | 130,506        |
| Prepaid expense                                 | -              |
| Capital assets, net of accumulated depreciation | <u>106,551</u> |
| Total assets                                    | 441,966        |

**Deferred Outflows of Resources**

|   |                  |
|---|------------------|
| Pension   | 516,820          |
| Other postemployment benefit obligations        | <u>75,002</u>    |
| Total deferred outflows of resources            | <u>591,822</u>   |
| Total assets and deferred outflows of resources | <u>1,033,788</u> |

**Liabilities**

|   |                  |
|---|------------------|
| Accounts payable                                  | 34,840           |
| Due to local government                           | 20,043           |
| Net pension liability                             | 1,815,770        |
| Unfunded other postemployment benefit obligations | <u>1,165,213</u> |
| Total liabilities                                 | 3,035,866        |

**Deferred Inflows of Resources**

|   |                  |
|---|------------------|
| Pension   | 73,694           |
| Other postemployment benefit obligations            | <u>170,658</u>   |
| Total deferred inflows of resources                 | <u>244,352</u>   |
| Total liabilities and deferred inflows of resources | <u>3,280,218</u> |

**Net Position (Deficit)**

|                              |                              |
|------------------------------|------------------------------|
| Invested in capital assets   | 106,551                      |
| Unrestricted                 | <u>(2,352,981)</u>           |
| Total net position (deficit) | <u><u>\$ (2,246,430)</u></u> |

See notes to financial statements.

**STATEMENT OF ACTIVITIES****St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

**Governmental Activities**

## Expenses:

## General government:

|                                     |              |
|-------------------------------------|--------------|
| Salaries and wages                  | \$ 1,036,045 |
| Employee benefits and payroll taxes | 433,305      |
| Office expenses                     | 365,773      |
| Other expenses                      | 49,814       |
| Depreciation                        | 4,059        |
| Insurance                           | 11,431       |
| Auto and travel                     | 518          |

|                |                  |
|----------------|------------------|
| Total expenses | <u>1,900,945</u> |
|----------------|------------------|

## Program revenues:

## Fees, charges, and commissions for services:

|                                   |         |
|-----------------------------------|---------|
| Suits and successions             | 741,963 |
| Recordings                        | 819,829 |
| Photocopies and subscription fees | 204,829 |
| Fines and forfeitures             | 52,483  |
| Other fees                        | 17,364  |
| Mortgage certificates             | 8,473   |
| Uniform commercial code fees      | 5,871   |
| Licenses                          | 11,052  |

|                        |                  |
|------------------------|------------------|
| Total program revenues | <u>1,861,864</u> |
|------------------------|------------------|

|                        |          |
|------------------------|----------|
| Change in net position | (39,081) |
|------------------------|----------|

**Net Position (Deficit)**

|                   |                    |
|-------------------|--------------------|
| Beginning of year | <u>(2,207,349)</u> |
|-------------------|--------------------|

|             |                             |
|-------------|-----------------------------|
| End of year | <u><u>\$(2,246,430)</u></u> |
|-------------|-----------------------------|

See notes to financial statements.

**BALANCE SHEET - GOVERNMENTAL FUND****St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

June 30, 2020

**ASSETS**

|                           |                         |
|---------------------------|-------------------------|
| Cash and cash equivalents | \$204,909               |
| Receivables, net          | <u>130,506</u>          |
| Total assets              | <u><u>\$335,415</u></u> |

**LIABILITIES AND FUND BALANCE**

|                                    |                         |
|------------------------------------|-------------------------|
| Liabilities:                       |                         |
| Accounts payable                   | \$ 34,840               |
| Due to local government            | <u>20,043</u>           |
| Total liabilities                  | <u>54,883</u>           |
| Fund balance:                      |                         |
| Unassigned                         | <u>280,532</u>          |
| Total liabilities and fund balance | <u><u>\$335,415</u></u> |

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE  
SHEET TO THE STATEMENT OF NET POSITION (DEFICIT)**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

June 30, 2020

|  |                             |
|--|-----------------------------|
| Fund balance - governmental fund   | <u>\$ 280,532</u>           |
| Amounts reported for governmental activities in the statement of net position are different because:   |                             |
| Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds                          |                             |
| Governmental capital assets  | 694,121                     |
| Less: accumulated depreciation   | <u>(587,570)</u>            |
|  | <u>106,551</u>              |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds: |                             |
| Pension  | 516,820                     |
| Other postemployment benefit obligation  | <u>75,002</u>               |
|  | <u>591,822</u>              |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:                      |                             |
| Net pension liability  | (1,815,770)                 |
| Unfunded other postemployment benefit obligations  | <u>(1,165,213)</u>          |
|  | <u>(2,980,983)</u>          |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in governmental funds:                |                             |
| Pension  | (73,694)                    |
| Other postemployment benefit obligation  | <u>(170,658)</u>            |
|  | <u>(244,352)</u>            |
| Net position (deficit) of governmental activities  | <u><u>\$(2,246,430)</u></u> |

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND**

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

For the year ended June 30, 2020

**Revenues**

|  |                      |
|--|----------------------|
| Fees, charges, and commissions for services: |                      |
| Suits and successions                        | \$ 741,963           |
| Recordings                                   | 819,829              |
| Photocopies and subscription fees            | 204,829              |
| Fines and forfeitures                        | 52,483               |
| Other fees                                   | 17,364               |
| Mortgage certificates                        | 8,473                |
| Uniform commercial code fees                 | 5,871                |
| Licenses                                     | <u>11,052</u>        |
| <br>Total revenues                           | <br><u>1,861,864</u> |

**Expenditures**

|                                     |                      |
|-------------------------------------|----------------------|
| General government:                 |                      |
| Salaries and wages                  | 1,036,045            |
| Employee benefits and payroll taxes | 371,071              |
| Office expenditures                 | 365,773              |
| Other expenditures                  | 49,814               |
| Insurance                           | 11,431               |
| Auto and travel                     | <u>518</u>           |
| <br>Total general government        | <br><u>1,834,652</u> |

|   |        |
|---|--------|
| <b>Excess of Revenues Over Expenditures</b> | 27,212 |
|---|--------|

**Fund Balance**

|                   |                          |
|-------------------|--------------------------|
| Beginning of year | <u>253,320</u>           |
| End of year       | <u><u>\$ 280,532</u></u> |

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE  
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

|  |                          |
|--|--------------------------|
| Excess of revenues over expenditures - governmental fund   | \$ 27,212                |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>  |                          |
| <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> |                          |
| Depreciation   | <u>(4,059)</u>           |
| <p>Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68:</p>   |                          |
| Pension expense per GASB 68  | <u>(60,666)</u>          |
| <p>Long-term liabilities:</p>  |                          |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:</p>                            |                          |
| Other postemployment benefit obligations expense per GASB 75   | <u>(1,568)</u>           |
| Change in net position of governmental activities  | <u><u>\$(39,081)</u></u> |

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

For the year ended June 30, 2020

|  | <u>Original and<br/>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>With Final<br/>Budget</u> |
|--|--|-------------------|---|
| <b>Revenues:</b>                             |  |                   |   |
| Fees, charges, and commissions for services: |  |                   |   |
| Suits and successions                        | \$ 834,623                               | \$ 741,963        | \$(92,660)                                |
| Recordings                                   | 780,361                                  | 819,829           | 39,468                                    |
| Photocopies and subscription fees            | 198,840                                  | 204,829           | 5,989                                     |
| Fines and forfeitures                        | 60,517                                   | 52,483            | (8,034)                                   |
| Other fees                                   | 24,768                                   | 17,364            | (7,404)                                   |
| Mortgage certificates                        | 8,378                                    | 8,473             | 95  |
| Uniform commercial code fees                 | 4,418                                    | 5,871             | 1,453                                     |
| Court attendance                             | 17,560                                   | -                 | (17,560)                                  |
| Licenses                                     | <u>11,898</u>                            | <u>11,052</u>     | <u>(846)</u>                              |
| Total revenues                               | <u>1,941,363</u>                         | <u>1,861,864</u>  | <u>(79,499)</u>                           |
| <b>Expenditures:</b>                         |  |                   |   |
| General government:                          |  |                   |   |
| Salaries and wages                           | 1,032,877                                | 1,036,045         | (3,168)                                   |
| Employee benefits and payroll taxes          | 395,307                                  | 371,071           | 24,236                                    |
| Office expenditures                          | 357,558                                  | 365,773           | (8,215)                                   |
| Other expenditures                           | 35,525                                   | 49,814            | (14,289)                                  |
| Insurance                                    | 11,500                                   | 11,431            | 69  |
| Auto and travel                              | <u>375</u>                               | <u>518</u>        | <u>(143)</u>                              |
| Total expenditures                           | <u>1,833,142</u>                         | <u>1,834,652</u>  | <u>(1,510)</u>                            |
| Excess of revenues over<br>expenditures      | 108,221                                  | 27,212            | (81,009)                                  |
| <b>Fund Balance</b>                          |  |                   |   |
| Beginning of year                            | <u>244,693</u>                           | <u>253,320</u>    | <u>8,627</u>                              |
| End of year                                  | <u>\$ 352,914</u>                        | <u>\$ 280,532</u> | <u>\$(72,382)</u>                         |

See notes to financial statements.

**STATEMENT OF FIDUCIARY FUNDS**

**St. Bernard Parish Clerk of Court**  
 Chalmette, Louisiana

June 30, 2020

|                                 | <u>Agency Funds</u> |                    | <u>Total</u>       |
|---------------------------------|---------------------|--------------------|--------------------|
|                                 | <u>Advance</u>      | <u>Registry of</u> | <u>Agency</u>      |
|                                 | <u>Deposit Fund</u> | <u>Court Fund</u>  | <u>Funds</u>       |
| <b>Assets</b>                   |                     |                    |                    |
| Cash                            | <u>\$3,054,070</u>  | <u>\$857,685</u>   | <u>\$3,911,755</u> |
| <b>Liabilities</b>              |                     |                    |                    |
| Due to taxing bodies and others | <u>\$3,054,070</u>  | <u>\$857,685</u>   | <u>\$3,911,755</u> |

See notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS****St. Bernard Parish Clerk of Court**

Chalmette, Louisiana

June 30, 2020

**Note 1 - NATURE OF OPERATIONS AND 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 four-year term.

The accounting policies of the St. Bernard Parish Clerk of Court (the "Clerk of Court") conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

**a. Reporting Entity**

The Clerk of Court has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The GASB established criteria for determining which component units should be considered part of the St. Bernard Parish Council (the "Parish Council") 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 criterion includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Parish Council to impose its will on that organization and/or,
  - b. The potential for the Clerk of Court to provide specific financial benefits to or impose specific financial burdens on the Parish Council.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a. Reporting Entity (Continued)**

2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the Clerk of Court is not included because of the nature or significance of the relationship.

The Clerk of Court is an independently elected official, however, the Clerk of Court is considered fiscally dependent on the St. Bernard Parish Council. As the governing authority of St. Bernard Parish, for reporting purposes, the St. Bernard Parish Council maintains and operates the parish courthouse in which the Clerk of Court's office is located and provides funds for equipment and furniture for the Clerk of Court's office. Because the Clerk of Court is fiscally dependent on the Council, the Clerk of Court was determined to be a component unit of the Parish Council, the financial reporting entity.

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

**b. Basis of Presentation**

The accompanying component unit financial statements of the Clerk of Court have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units.

**Government-Wide Financial Statements:**

The government-wide financial statements include the Statement of Net Position (Deficit) and the Statement of Activities for all activities of the Clerk of Court. The government-wide presentation focuses primarily on the sustainability of the Clerk of Court as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through fees, intergovernmental revenues, and other non-exchange revenues.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. Basis of Presentation (Continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the Clerk of Court continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the Clerk of Court:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute (L.R.S.) 13:781, is the principal fund of the Clerk of Court and accounts for and reports 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. The General Fund is always considered a major fund.

**Fiduciary Funds**

The Advance Deposit and Registry of Court Funds account for and report assets held as an agent for others. These agency funds are reported as major funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Advance Deposit Fund accounts for and reports advanced deposits in suits filed by litigants. The Registry of Court Fund accounts for and reports funds held by order of the court until judgment is rendered by the judiciary.

**c. Measurement Focus and 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.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Measurement Focus and Basis of Accounting (Continued)**

**Government-Wide Financial Statements**

The Statement of Net Position (Deficit) and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Clerk of Court.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from general revenues.

**Fund Financial Statements**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

**Revenues**

Revenue from grants is recognized in the fiscal year in which all eligibility requirements are satisfied. Revenues from recordings, copies, (including suits and successions), and other services are recognized when they become measurable and available (i.e., when the service is performed). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Clerk of Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Clerk of Court because they are generally not measurable until actually received.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c. Measurement Focus and Basis of Accounting (Continued)**

**Revenues (Continued)**

Interest income on cash balances is recorded when the income is available.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**d. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**e. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Clerk of Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**f. Receivables**

The Clerk of Court uses the allowance method to account for uncollectible receivables. The allowance for uncollectible accounts is based on prior years' experience and management's analysis of possible bad debts. Bad debt recoveries are charged against the allowance account as realized. The Clerk of Court considers all receivables as of June 30, 2020 to be fully collectible that are net of the allowance. The allowance for uncollectible accounts balance of \$8,881 represents receivable balances that are estimated to be uncollectible.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Prepaid Expenses**

Payments made to vendors that will benefit periods beyond June 30, 2020 are recorded as prepaid expenditures. These amounts are equally offset by a fund balance classification of nonspendable which indicates that they do not constitute available spendable resources even though they are a component of net current assets. There were no prepaid expenses as of June 30, 2020.

**h. Capital Assets and Depreciation**

The accounting treatment over plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-Wide Financial Statements:**

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their fair value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

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. The range of estimated useful lives by type of asset is as follows:

|                        | <u>Estimated<br/>Lives</u> |
|------------------------|----------------------------|
| Automobiles            | 5 years                    |
| Office equipment       | 5 years                    |
| Furniture and fixtures | 5-15 years                 |

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h. Capital Assets and Depreciation (Continued)**

**Fund Financial Statements:**

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**i. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**j. Pensions**

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

**k. Compensated Absences**

Employees of the Clerk of Court's office earn two weeks of vacation leave and up to four weeks sick leave each year. The leave time accrues on a calendar year basis and must be used in the calendar year. Any unused personal time is not paid to the employee upon termination. In accordance with GASB, no liability for accrued unused employee leave is included in these financial statements.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. Clerk of Court's Fees**

Suits and succession revenues represents revenue earned from daily operations such as copying and faxing for litigants and standard fees charged on suits. These fees are collected in the Advance Deposit Agency Fund (clearing account) and are recognized as revenue in the General Fund.

**m. Fund Equity**

**Government-Wide Statements:**

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - This component of net position reports net position that does not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Clerk of Court's policy to use restricted resources first, then unrestricted resources as they are needed. As of June 30, 2020 and for the year then ended, the Clerk of Court did not have or receive restricted resources classified as restricted net position.

**Fund Financial Statements:**

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

**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.



Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Fund Equity (Continued)

Fund Financial Statements: (Continued)

**Restricted** - Amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of June 30, 2020.

**Committed** - Amounts that can be used only for specific purposes determined by a formal decision of the Clerk of Court. There was no committed equity as of June 30, 2020.

**Assigned** - The assigned amounts are designated as committed by the Clerk of Court but are not spendable until a budget is adopted. There was no assigned equity as of June 30, 2020.

**Unassigned** - All amounts not included in other spendable classifications. The Clerk of Court has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by the court or the assignment has been changed by the court. Decreases to fund balance first reduce unassigned fund balance; in the event that unassigned becomes zero, then assigned and committed fund balances are used in that order.

L.R.S. 13:785 requires that every four years (at the close of the term of office) the Clerk of Court must pay St. Bernard Parish the portion of the General Fund's fund balance that exceeds one-half of the revenues of the Clerk of Court's last year of his term of office, limited to the amount of funding received from St. Bernard Parish. The amount owed to St. Bernard Parish under L.R.S. 13:785 is limited to the funds provided by St. Bernard Parish under provisions of L.R.S. 13:784 to help compensate St. Bernard Parish for the costs of capital assets and other administration costs during the Clerk of Court's four year term. The Clerk of Court's current term expires on June 30, 2024.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. New Pronouncements**

During the year ended June 30, 2020, the Clerk of Court implemented the following GASB statements:

Statement No. 95, "*Postponement for the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stockholders in light of the Coronavirus (COVID-19) pandemic. That objective is accomplished by postponing the effective dates of certain Statements and Implementation Guides to those dates reported below.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. New Pronouncements (Continued)**

application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, "*Majority Equity Interest*" improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. New Pronouncements (Continued)**

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. New Pronouncements (Continued)**

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 96, "*Subscription-based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**n. New Pronouncements (Continued)**

Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of this Statement on the financial statements.

**o. Subsequent Events**

The Clerk of Court evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 15, 2020, which is the date the financial statements were available to be issued.

**Note 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The Clerk of Court adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

**a. Budgetary Information**

As required by the L.R.S. 39:1301-1315, the Clerk of Court adopted a budget for its General Fund for the year ended June 30, 2020 and it was made available for public inspection at the Clerk of Court's office on June 12, 2019. The proposed budget was prepared on the modified accrual basis of accounting, and was published in the official journal on May 24, 2019. The budget hearing was held at the Clerk of Court's office on June 12, 2019. The budget is legally adopted, as necessary, by the Clerk of Court. The budget for the year ended June 30, 2020 was not amended. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**b. Deficit Fund Balance of Individual Funds**

No deficit fund balances are presented.

**c. Expenditures/Expenses Exceeding Appropriations**

No funds had actual expenditures exceeding appropriations.

**Note 3 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

**Note 3 - DEPOSITS (Continued)**

**Bank Deposits:**

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

A summary of cash and cash equivalents as of June 30, 2020 is presented below. As of June 30, 2020, the carrying amount of the Clerk of Court's cash and cash equivalents totaled \$4,116,664, and the bank balances totaled \$4,135,162. 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.

|   | Governmental<br>Funds | Agency<br>Funds | Totals      |
|---|-----------------------|-----------------|-------------|
| Reported amounts  | \$204,909             | \$3,911,755     | \$4,116,664 |
| Custodial credit risk:  |                       |                 |             |
| Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name | \$ -                  | \$1,520,784     | \$1,520,784 |
| Total bank balances   | \$214,430             | \$3,920,732     | \$4,135,162 |

Custodial credit risk is the risk that in the event of a bank failure, the Clerk of Court's deposits may not be returned to it. The Clerk of Court has a written policy for custodial credit risk. As of June 30, 2020, \$1,520,784 of the Clerk of Court's bank balances of \$4,135,162 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

As of June 30, 2020, bank balances were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Clerk of Court. The GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, L.R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.



**Note 4 - RECEIVABLES**

The receivables as of June 30, 2020 are as follows:

|  |                   |
|--|-------------------|
| Accounts                                   | \$ 24,250         |
| Intergovernmental                          | <u>115,137</u>    |
|  | 139,387           |
| Less: allowance for uncollectible accounts | <u>(8,881)</u>    |
|  | <u>\$ 130,506</u> |

Receivable balances past due in excess of 90 days as of June 30, 2020 totaled \$108,083.

**Note 5 - CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

|   | <u>Balance<br/>June 30, 2019</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance<br/>June 30, 2020</u> |
|---|----------------------------------|-------------------|------------------|----------------------------------|
| Capital assets being depreciated equipment and furniture  | \$ 694,122                       | \$ -              | \$ -             | \$ 694,122                       |
| Less accumulated depreciation for equipment and furniture | <u>(583,512)</u>                 | <u>(4,059)</u>    | <u>-</u>         | <u>(587,571)</u>                 |
| Total capital assets, net                                 | <u>\$ 110,610</u>                | <u>\$ (4,059)</u> | <u>\$ -</u>      | <u>\$ 106,551</u>                |

Depreciation expense of \$4,059 was charged to operations for the year ended June 30, 2020.

**Note 6 - RETIREMENT PLANS**

*Plan Description.* The Clerk of Court contributes to the Louisiana Clerks' of Court Retirement and Relief Fund ("Fund"), a cost-sharing, multiple-employer defined benefit pension plan established in accordance with Louisiana Revised Statute 11:1501 to provide regular, disability, and survivor benefits for clerks of court, their deputies and other employees, and the beneficiaries of such clerks of court, their deputies, and other employees.

**Retirement Benefits**

A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years (age 60 if hired on or after January 1, 2011), and terminating employment. Regular retirement benefits, payable monthly for life, is equal to 3% percent of the member's monthly average final compensation multiplies by the number of years of credited service, not to exceed 100% of the monthly average final compensation. The retirement benefit accrual rate is increased to 3 $\frac{1}{3}$ % for all service credit accrued after June 30, 1999 (for members hired prior to January 1, 2011). For members hired before July 1, 2006 and who retire prior to January 1, 2011, monthly average final compensation is based on the highest 36 consecutive months, with a limit increase of 10% in each of the last three years of measurement. For members hired after July 1, 2006, monthly average final compensation is based on the highest compensated 60 consecutive months, or successive joined months if service was interrupted, with a limit increase of 10% in each of the last five years of measurement. For members who were employed prior to July 1, 2006 and who retire after December 31, 2010, the period of final average compensation is 36 months plus the number of whole months elapsed since January 1, 2011, not to exceed 60 months.

In lieu of terminating employment and accepting a service retirement allowance, any member of the Fund who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the plan, active membership in the Fund terminates and the participant's contributions cease; however, employer contributions continue. The election to participate in DROP is irrevocable once participation begins.

**Disability Benefits**

Disability benefits are awarded to active members who are totally and permanently disabled as a result of injuries sustained in the line of duty or to active members with 10 or more years of credible service who are totally disabled due to any cause. A member who is officially certified as totally or permanently disabled by the State Medical Disability Board will be paid monthly disability retirement benefits equal to the greater of 40% of their monthly average compensation or 75% of their monthly regular retirement benefit computes as per R.S. 11:1521 (C).

**Note 6 - RETIREMENT PLANS (Continued)**

**Survivor Benefits**

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

*Contributions.* According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2019, the actuarially determined employer contribution rate was 19.00% of member's compensation.

According to state statute, the Fund also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the Fund from the Clerk of Court were \$177,670 for the year ended June 30, 2020.

*Pension Liabilities.* At June 30, 2020, the Clerk of Court reported a liability of \$1,815,770 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Clerk of Court's proportion of the Net Pension Liability was based on a projection of the Clerk of Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2019, the Clerk of Court's proportion was .999878%, which was an decrease of .04175% from its proportion measured as of June 30, 2018.

**Note 6 - RETIREMENT PLANS (Continued)**

*Pension Expense.* For the year ended June 30, 2020, the Clerk of Court recognized pension expense of \$60,666.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* As of June 30, 2020, the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference between expected<br>and actual experience   | \$ 50,984                                     | \$ -   |
| Change of assumptions  | 116,070                                       | -  |
| Net difference between projected and<br>actual earnings on pension plan investments                                      | 140,673                                       | -  |
| Changes in proportion and differences between<br>Clerk of Court contributions and proportionate<br>share of contribution | 31,423  | (73,694)                                     |
| Clerk of Court contributions subsequent to the<br>measurement date   | <u>177,670</u>                                | <u>-</u>                                     |
|  | <u>\$ 516,820</u>                             | <u>\$ (73,694)</u>                           |

The Clerk of Court reported \$177,670 as deferred outflows of resources related to pensions resulting from Clerk of Court contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Amount</u>     |
|---------------------------------|-------------------|
| 2021                            | \$ 125,036        |
| 2022                            | 30,623            |
| 2023                            | 71,522            |
| 2024                            | <u>38,275</u>     |
| Total                           | <u>\$ 265,456</u> |

**Note 6 - RETIREMENT PLANS (Continued)**

*Actuarial Assumptions.* A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

|   |  |
|---|--|
| <b>Valuation Date</b>                             | June 30, 2019  |
| <b>Actuarial Cost Method</b>                      | Entry Age Normal   |
| <b>Actuarial Assumptions:</b>                     |  |
| <b>Investment Rate of Return</b>                  | 6.75%, net of investment expense   |
| <b>Inflation Rate</b>                             | 2.50%  |
| <b>Salary Increases</b>                           | 5.00%  |
| <b>Mortality Rates - Active Members</b>           | RP 2000 Employee Table set back 4 years for males and 3 years for females.   |
| <b>Mortality Rate - Annuitant and Beneficiary</b> | RP 2000 healthy annuitant table set forward 1 year for males and projected to 2030 using scale AA for males and females.   |
| <b>Cost of Living Adjustments</b>                 | The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected rate of return was 6.38% as of June 30, 2019. Best estimates of geometric real rates of return for each major asset class included in the Fund's target asset allocation as of June 30, 2019 are summarized in the following table:

**Note 6 - RETIREMENT PLANS (Continued)**

| Asset Class          | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|----------------------|----------------------|--|
| Fixed income:        |                      |  |
| Domestic bonds       | 20.00%               | 2.50%  |
| International bonds  |                      | 3.50%  |
| Domestic equity      | 33.00%               | 7.50%  |
| International equity | 27.00%               | 8.50%  |
| Real estate          | 10.00%               | 4.50%  |
| Hedge funds          | 10.00%               | 6.59%  |
|                      | 100.00%              |  |

*Discount Rate.* The discount rate used to measure the collective pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contribution from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Public Retirement System's Actuarial Committee taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Clerk of Court's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate.* The following presents the Clerk of Court's proportionate share of the Collective Net Pension Liability using the discount rate of 6.75%, as well as what the Clerk of Court's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.75%) or one percentage-point higher (7.75%) than the current rate:

|   | 1.0%<br>Decrease<br>(5.75%) | Current<br>Discount<br>Rate<br>(6.75%) | 1.0%<br>Increase<br>(7.75%) |
|---|-----------------------------|--|-----------------------------|
| Clerk of Court's proportionate<br>share of the net pension<br>liability | \$2,697,933                 | \$1,815,770                            | \$1,067,389                 |

**Note 6 - RETIREMENT PLANS (Continued)**

*Pension Plan Fiduciary Net Position.* The Louisiana Clerks' of Court Retirement and Relief Fund issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the audit report can be found on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

**Note 7 - OTHER POSTEMPLOYMENT BENEFITS**

*Plan Description.* The Clerk of Court's defined benefit postemployment health care plan provides OPEB to eligible retired employees and their beneficiaries. The plan provides OPEB for permanent full-time employees of the Clerk of Court. The Clerk of Court's OPEB plan is a single employer defined benefit OPEB plan administered by the Clerk of Court. Benefits are provided through the Louisiana Clerks of Court Insurance Trust (LCCIT), a multiple-employer healthcare plan administered by the Louisiana Clerks of Court Association. Louisiana Revised Statute §13:783 grants the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The premium rates are established and may be amended by the LCCIT board of trustees, with the Clerk of Court determining the contribution requirements of the retirees.

*Benefits Provided.* The Clerk of Court provides medical, dental, vision, and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of 50% of retiree pre-Medicare health, Medicare Supplement, and dental insurance premiums. Retirees are required to pay 100% of the premium for their dependents. Vision is voluntary and paid 100% by the retiree. The plan also provides for payment of 50% of retiree life insurance premiums. For year ended June 30, 2020, total contributions to the Retiree Health Plan amounted to \$70,131 with the retirees contributing \$29,448 and the Clerk of Court contributing \$40,683.

*Employees Covered by Benefit Terms.* At June 30, 2020, the following employees were covered by the benefit terms:

|  |           |
|--|-----------|
| Inactive employees currently<br>receiving benefits payments              | 18        |
| Inactive employees entitled to but not<br>yet receiving benefit payments | -         |
| Active employees   | <u>21</u> |
| Total  | <u>39</u> |

**Note 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Total OPEB Liability**

The Clerk of Court's total OPEB liability of \$1,165,213 was measured as of June 30, 2019 and was determined by an actuarial valuation as of January 1, 2019.

**Actuarial Assumptions**

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

|   |  |
|---|--|
| <b>Measurement Date</b>                         | June 30, 2019  |
| <b>Actuarial Valuation Date</b>                 | January 1, 2019  |
| <b>Actuarial Assumptions:</b>                   |  |
| <b>Inflation Rate</b>                           | 2.40%  |
| <b>Salary Increases</b>                         | 3.25%  |
| <b>Discount Rate</b>                            | 2.45%  |
| <b>Healthcare Cost Trend Rates</b>              |  |
| <b>Medical</b>                                  | 6.5% for 2021, decreasing 0.25% per year to an ultimate rate of 5.0% for 2027 and later years.                                 |
| <b>Medicare Supplement</b>                      | 5.0% for 2021, decreasing 0.25% per year to an ultimate rate of 3.0% for 2029 and later years. Includes 2% per year for aging. |
| <b>Dental</b>                                   | 3.0% annual trend  |
| <b>Vision</b>                                   | 3.0% annual trend  |
| <b>Retirees' Share of Benefit-related Costs</b> |  |
| <b>Medical</b>                                  | 50% for retirees and 100% for dependents.  |
| <b>Medicare Supplement</b>                      | 50% for retirees and 100% for dependents.  |
| <b>Dental</b>                                   | 50% for retirees and 100% for dependents.  |
| <b>Vision</b>                                   | 100% for retirees and 100% for dependents.   |
| <b>Basic Life Insurance</b>                     | 50%  |

The discount rate was based on the June 30, 2020 Fidelity General Obligation AA 20-Year Yield.



**Note 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

Mortality rates for active employees were based on the PubG.H-2010 Employee Mortality Table, Generational with Projection Scale MP-2019 for males and females, as appropriate.

Mortality rates for retired employees were based on the PubG.H-2010 Healthy Retiree Mortality Table, Generational with Projection Scale MP-2019 for males and females, as appropriate.

The actuarial assumptions used in the valuation were based on those used in the Louisiana Clerks of Court Retirement and Relief Fund valuation and actuarial experience.

**Changes in the Total OPEB Liability**

|   |                     |
|---|---------------------|
| Balance as of June 30, 2019                           | <u>\$ 1,272,274</u> |
| Changes for the year:                                 |                     |
| Service cost  | 14,762              |
| Interest  | 39,648              |
| Differences between expected<br>and actual experience | 16,520              |
| Changes in assumptions/inputs                         | (137,308)           |
| Benefit payments                                      | <u>(40,683)</u>     |
| Net changes   | <u>(107,061)</u>    |
| Balance as of June 30, 2020                           | <u>\$ 1,165,213</u> |

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate:

|                      | <u>1.0%<br/>Decrease<br/>(1.45%)</u> | <u>Current<br/>Discount<br/>Rate<br/>(2.45%)</u> | <u>1.0%<br/>Increase<br/>(3.45%)</u> |
|----------------------|--------------------------------------|--|--------------------------------------|
| Total OPEB liability | <u>\$1,380,680</u>                   | <u>\$1,165,213</u>                               | <u>\$1,002,095</u>                   |

**Note 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.**

The following presents the total OPEB liability of the Clerk of Court, as well as what the Clerk of Court's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

|                      | <u>1.0%<br/>Decrease</u> | <u>Current<br/>Trend<br/>Rate</u> | <u>1.0%<br/>Increase</u> |
|----------------------|--------------------------|-----------------------------------|--------------------------|
| Total OPEB liability | <u>\$1,114,048</u>       | <u>\$1,165,213</u>                | <u>\$1,276,537</u>       |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020 the Clerk of Court recognized an OPEB expense of \$1,568. As of June 30, 2020 the Clerk of Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference between expected<br>and actual experience | \$ 19,638                                     | \$ (50,513)                                  |
| Changes of assumptions or<br>other inputs            | <u>55,364</u>                                 | <u>(120,145)</u>                             |
| Totals   | <u>\$ 75,002</u>                              | <u>\$ (170,658)</u>                          |

**Note 7 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending<br/>June 30,</u> | <u>Amount</u>      |
|---------------------------------|--------------------|
| 2021                            | \$ (12,158)        |
| 2022                            | (12,158)           |
| 2023                            | (12,158)           |
| 2024                            | (13,886)           |
| 2025                            | (15,098)           |
| Thereafter                      | <u>(30,198)</u>    |
| Total                           | <u>\$ (95,656)</u> |

**Note 8 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS**

The accompanying financial statements do not include certain expenditures related to the use of facilities of the Clerk of Court's office paid out of the funds of the St. Bernard Parish Government.

**Note 9 - RISK MANAGEMENT**

The Clerk of Court is exposed to various risks of loss related to general liability and worker's compensation. Under the Clerk of Court's risk management program, the Clerk of Court has elected to be self-insured for worker's compensation and will pay any claims when they become due. The Clerk of Court records a liability for claims when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2020, the Clerk of Court is not aware of any claims filed.

**Note 10 - REGISTRY OF COURT FUND**

The Clerk of Court maintains a Registry of the Court Fund. Parties to litigation in the court may deposit, or be ordered to deposit cash or property into the fund in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to such other parties as the court may direct upon the conclusion of the litigation.

The Clerk of Court is the custodian of the Registry of Court Fund. The Clerk of Court generally may only accept deposits into or disburse funds from the Registry of the Court Fund by order of a respective court.

With respect to the Registry of Court Fund of the Civil District Court, LSA-R.S. 13:1305 authorized the investment of these funds into interest-bearing accounts.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CLERK OF COURT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

June 30, 2020

|   | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Clerk of Court's proportion of the net pension liability  | <u>0.99988%</u>    | <u>1.04163%</u>    | <u>1.07202%</u>    | <u>1.02850%</u>    | <u>1.00816%</u>    | <u>1.05005%</u>    |
| Clerk of Court's proportionate share of the net pension liability   | <u>\$1,815,770</u> | <u>\$1,732,537</u> | <u>\$1,621,899</u> | <u>\$1,902,700</u> | <u>\$1,512,266</u> | <u>\$1,494,377</u> |
| Clerk of Court's covered-employee payroll   | <u>\$ 927,294</u>  | <u>\$ 901,895</u>  | <u>\$ 918,882</u>  | <u>\$ 891,174</u>  | <u>\$ 937,924</u>  | <u>\$ 937,924</u>  |
| Clerk of Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll | <u>195.8138%</u>   | <u>192.0996%</u>   | <u>176.5079%</u>   | <u>213.5049%</u>   | <u>161.2355%</u>   | <u>159.3282%</u>   |
| Plan fiduciary net position as a percentage of the total pension liability  | <u>77.9292%</u>    | <u>79.0719%</u>    | <u>79.6914%</u>    | <u>74.1703%</u>    | <u>78.1291%</u>    | <u>79.3700%</u>    |

**SCHEDULE OF CLERK OF COURT'S CONTRIBUTIONS****St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

|  | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contributions                                 | \$177,670        | \$176,185        | \$171,340        | \$174,588        | \$169,323        | \$173,516        |
| Contributions in relation to the contractually required contribution | <u>(177,670)</u> | <u>(176,185)</u> | <u>(171,340)</u> | <u>(174,588)</u> | <u>(169,323)</u> | <u>(173,516)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| Clerk's covered-employee payroll                                     | <u>\$935,109</u> | <u>\$927,294</u> | <u>\$901,895</u> | <u>\$918,882</u> | <u>\$891,174</u> | <u>\$937,924</u> |
| Contributions as a percentage of covered-employee payroll            | <u>19.00%</u>    | <u>19.00%</u>    | <u>19.00%</u>    | <u>19.00%</u>    | <u>19.00%</u>    | <u>18.50%</u>    |

**NOTES TO REQUIRED PENSION**  
**SUPPLEMENTARY INFORMATION**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

- Note 1** - The amounts presented on the Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions have a measurement date of the previous fiscal year end.
- Note 2** - GASB 68 requires the Schedule of Employer's Proportionate Share of Net Pension Liability show information for ten years. The St. Bernard Parish Clerk of Court implemented GASB 68 in its 2015 fiscal year therefore; additional years will be displayed as they become available in the future.



**SCHEDULE OF CHANGES IN THE CLERK OF COURT'S  
TOTAL OPEB LIABILITY AND RELATED RATIOS**

**St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

For the year ended June 30, 2020

|   | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|---------------------|
| Total OPEB liability:   |                     |                     |                     |
| Service costs   | \$ 14,762           | \$ 28,330           | \$ 29,260           |
| Interest  | 39,648              | 39,400              | 45,046              |
| Differences between expected<br>and actual experience               | 16,520              | (75,770)            | 10,364              |
| Changes in assumptions/inputs                                       | (137,308)           | 83,046              | -                   |
| Benefit payments  | <u>(40,683)</u>     | <u>(66,378)</u>     | <u>(72,269)</u>     |
| Net change in total<br>OPEB liability                               | (107,061)           | 8,628               | 12,401              |
| Total OPEB liability - beginning                                    | <u>1,272,274</u>    | <u>1,263,646</u>    | <u>1,251,245</u>    |
| Total OPEB liability - ending                                       | <u>\$ 1,165,213</u> | <u>\$ 1,272,274</u> | <u>\$ 1,263,646</u> |
| Covered payroll   | <u>\$ 917,326</u>   | <u>\$ 920,815</u>   | <u>\$ 906,602</u>   |
| Total OPEB liability as a percentage<br>of covered employee payroll | <u>127.0228%</u>    | <u>138.1683%</u>    | <u>139.3827%</u>    |

The schedule is provided beginning with the Clerk of Court's year ended June 30, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**STATEMENT OF CHANGES IN FIDUCIARY FUNDS****St. Bernard Parish Clerk of Court  
Chalmette, Louisiana**

For the year ended June 30, 2020

|  | <u>Agency Funds</u>             |                                   | <u>Total<br/>Agency<br/>Funds</u> |
|--|---------------------------------|-----------------------------------|-----------------------------------|
|  | <u>Advance<br/>Deposit Fund</u> | <u>Registry of<br/>Court Fund</u> |                                   |
| <b>Assets and Liabilities</b>                  |                                 |                                   |                                   |
| Beginning of year                              | <u>\$2,951,614</u>              | <u>\$ 892,977</u>                 | <u>\$3,844,591</u>                |
| <b>Additions:</b>                              |                                 |                                   |                                   |
| Suits and successions                          | 1,175,245                       | -                                 | 1,175,245                         |
| Judgments                                      | -                               | 161,676                           | 161,676                           |
| Interest earned                                | <u>13,879</u>                   | <u>8,248</u>                      | <u>22,127</u>                     |
| Total additions                                | <u>1,189,124</u>                | <u>169,924</u>                    | <u>1,359,048</u>                  |
| <b>Reductions:</b>                             |                                 |                                   |                                   |
| Clerk's costs (transferred to<br>General Fund) | 743,090                         | -                                 | 743,090                           |
| Settlements to litigants                       | 128,898                         | 205,187                           | 334,085                           |
| Sheriff's fees                                 | 111,711                         | -                                 | 111,711                           |
| Other reductions                               | <u>102,969</u>                  | <u>29</u>                         | <u>102,998</u>                    |
| Total reductions                               | <u>1,086,668</u>                | <u>205,216</u>                    | <u>1,291,884</u>                  |
| <b>Assets and Liabilities</b>                  |                                 |                                   |                                   |
| End of year                                    | <u><u>\$3,054,070</u></u>       | <u><u>\$ 857,685</u></u>          | <u><u>\$3,911,755</u></u>         |

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

**Agency Head Name:** Randy Nunez, Clerk of Court

**Purpose**

|  |                  |
|--|------------------|
| Salary                                 | \$ 141,522       |
| Benefits - insurance                   | 6,168            |
| Benefits - retirement                  | 33,264           |
| Benefits - other                       | 1,200            |
| Car allowance                          | 21,740           |
| Vehicle provided by government         | 0                |
| Per diem                               | 0                |
| Reimbursements                         | 0                |
| Travel                                 | 0                |
| Registration fees                      | 0                |
| Conference travel                      | 0                |
| Continuing professional education fees | 250              |
| Housing                                | 0                |
| Unvouchered expenses                   | 0                |
| Special meals                          | 0                |
|  | <hr/>            |
|  | <b>\$204,144</b> |
|  | <hr/>            |

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S 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**

To the Honorable Randy Nunez,  
St. Bernard Parish Clerk of Court,  
Chalmette, Louisiana.

We have audited, 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, the financial statements of the governmental activities and the major funds of the St. Bernard Parish Clerk of Court (the "Clerk of Court") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements and have issued our report thereon dated December 15, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Court's internal control.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-001.

### **Purpose of this Report**

The purpose of this report is solely 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 the effectiveness of the Clerk of Court's internal control over financial reporting or on compliance. This 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. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,  
December 15, 2020.

**SCHEDULE OF FINDINGS AND RESPONSES**

**St. Bernard Parish Clerk of Court**  
Chalmette, Louisiana

For the year ended June 30, 2020

**Section I - Summary of Auditor's Results**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ Yes  X  No
  
- Significant deficiency(ies) identified that are  
not considered to be a material weakness?            \_\_\_ Yes  X  None reported
  
- Noncompliance material to financial statements noted?     X  Yes \_\_\_ No

b) Federal Awards

The St. Bernard Parish Clerk of Court did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2020.



**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters**

**2020-001 Compliance with Clerk's Maximum Salary Requirements**

**Criteria** - La. R.S. §13:782 sets the maximum compensation for Clerks of Court in Louisiana based on the population of the parish in which the individual Clerk serves.

**Condition** - Total compensation to the Clerk of Court for the year exceeded the maximum allowed by state law of the compensation prior to the Clerk of Court's reimbursement of the funds.

**Context** - Tests of salary payments to the Clerk of Court indicate that the noncompliance was systematic in nature.

**Cause** - The Louisiana Clerks of Court Association increased supplemental pay for all Louisiana Clerks of Court effective July 1, 2018. The Clerks Supplemental Compensation Fund mailed all Louisiana Clerks of Court updated schedules of maximum compensation to reflect this increase. The St. Bernard Clerk of Court forwarded this information to its outside accountant with instruction to increase supplemental pay. The St. Bernard Clerk of Court's outside accountant increased supplemental pay as requested, but also adjusted the Clerk of Court's salary based on a parish population of 50,000-200,000 even though St. Bernard has a population under 50,000.

**Effect** - The Clerk of Court originally received a salary greater than allowed by state law prior to his reimbursement of the overpayment.

**Recommendation** - The Clerk of Court should verify the accuracy of payroll changes as the changes are made to his and other employees' salaries.

**Section III - Federal Award Findings and Questioned Cost**

The St. Bernard Parish Clerk of Court did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **St. Bernard Parish Clerk of Court Chalmette, Louisiana**

For the year ended June 30, 2020

#### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

##### **Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2019.

##### **Compliance and Other Matters**

###### **2019-001 Compliance with Clerk's Maximum Salary Requirements**

**Recommendation** - The Clerk of Court should verify the accuracy of payroll changes as the changes are made to his and other employees' salaries.

###### **Management's Corrective Action**

Action - Unresolved - See finding 2020-01. The Clerk of Court relied on its outside accountant to make the correct salary adjustments. The Clerk of Court will implement additional review procedures of each payroll.

#### **Section II - Federal Award Findings and Questioned Cost**

The St. Bernard Parish Clerk of Court did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **St. Bernard Parish Clerk of Court Chalmette, Louisiana**

For the year ended June 30, 2020

#### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

##### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2020 related to internal control over financial reporting material to the basic financial statements.

##### **Compliance and Other Matters**

###### **2020-001 Compliance with Clerk's Maximum Salary Requirements**

**Recommendation** - The Clerk of Court should verify the accuracy of payroll changes as the changes are made to his and other employees' salaries.

**Management's Response/Corrective Action** - The Clerk of Court relied on its outside accountant to make the correct salary adjustments. The Clerk of Court will implement additional review procedures of each payroll. The review procedures were implemented after discovery during the prior year audit. Since discovery was made after the 2020 fiscal year began, the finding is in both fiscal years. The Clerk of Court's payroll has been corrected since the discovery.

#### **Section II - Internal Control and Compliance Material to Federal Awards**

The St. Bernard Parish Clerk of Court did not expend Federal awards in excess of \$750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the Uniform Guidance.

#### **Section III - Management Letter**

A management letter was not issued for the year ended June 30, 2020.