

VERMILION PARISH CLERK OF COURT

Abbeville, Louisiana

Financial Report

Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

The Honorable Diane Meaux Broussard
Vermilion Parish Clerk of Court
Abbeville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, major fund, and the fiduciary fund of the Vermilion Parish Clerk of Court, a component unit of the Vermilion Parish Police Jury, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and the fiduciary fund of the Vermilion Parish Clerk of Court as of June 30, 2020, and the respective changes in financial position for the year then ended in conformity 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 schedule of funding progress for the budgetary comparison schedule, the schedule of changes in the total OPEB liability and related ratios, the schedule of proportionate share of net pension liability, and the schedule of contributions on pages 38 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermilion Parish Clerk of Court's basic financial statements. The combining statements of agency fund assets and liabilities, and changes therein are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2020, on our consideration of the Vermilion Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Vermilion Parish Clerk of Court's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
December 28, 2020

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 493,454
Accounts receivable	32,462
Due from other governments	16,755
Capital assets, net of depreciation	<u>86,998</u>
Total assets	<u>629,669</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	181,133
Deferred outflows of resources related to pensions	<u>498,501</u>
Total Deferred Outflows of Resources	<u>679,634</u>
LIABILITIES	
Current liabilities:	
Accounts payable	27,186
Other accrued liabilities	11,780
Long term liabilities:	
Compensated absences	62,756
OPEB obligations	2,183,848
Net pension liability	<u>1,803,307</u>
Total current liabilities	<u>4,088,877</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	875,542
Deferred inflows of resources related to pensions	<u>57,673</u>
Total Deferred Inflows of Resources	<u>933,215</u>
NET POSITION	
Invested in capital assets, net of related debt	86,998
Unrestricted (deficit)	<u>(3,799,787)</u>
Total net position (deficit)	<u>\$ (3,712,789)</u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Activities
Year Ended June 30, 2020

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 2,339,520	\$ 1,995,789	\$ 23,658	\$ -	\$ (320,073)
Total primary government	<u>\$ 2,339,520</u>	<u>\$ 1,995,789</u>	<u>\$ 23,658</u>	<u>\$ -</u>	<u>(320,073)</u>
		General revenues:			
					1,972
					24,600
					49,000
					<u>109,190</u>
					<u>184,762</u>
					(135,311)
					<u>(3,577,478)</u>
					<u>\$ (3,712,789)</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Balance Sheet – Governmental Fund
June 30, 2020

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 493,454
Receivables, net	32,462
Due from other governments	<u>16,755</u>
Total assets	<u>\$ 542,671</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 27,186
Other accrued liabilities	<u>11,780</u>
Total liabilities	<u>38,966</u>
Fund balances:	
Unassigned	<u>503,705</u>
Total fund balances	<u>503,705</u>
Total liabilities and fund balances	<u>\$ 542,671</u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances for the governmental fund at June 30, 2020		\$ 503,705
Cost of capital assets at June 30, 2020	\$ 1,069,237	
Less: accumulated depreciation	<u>(982,239)</u>	86,998
Long-term liabilities at June 30, 2020 -		
Compensated absences	(62,756)	
Net pension liability	(1,803,307)	
OPEB obligation	<u>(2,183,848)</u>	(4,049,911)
Deferred outflows and inflows of resources at June 30, 2020:		
Deferred outflows of resources related to pensions	498,501	
Deferred outflows of resources related to OPEB	181,133	
Deferred inflows of resources related to OPEB	(875,542)	
Deferred inflows of resources related to pensions	<u>(57,673)</u>	(253,581)
Total net position (deficit) of governmental activities at June 30, 2020		<u><u>\$(3,712,789)</u></u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Fund
Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
Licenses and permits	\$ 20,125
Fees, charges and commissions -	
Court costs, fees and charges	384,724
Fees for recording legal documents	1,523,356
Fees for certified copies	13,800
Intergovernmental	72,658
Miscellaneous	80,356
Total revenues	<u>2,095,019</u>
Expenditures:	
Current -	
General government -	
Salaries	1,062,748
Employee benefits	677,934
Insurance	14,905
Operation and maintenance	186,217
Vehicle	24,300
Professional services	63,372
Miscellaneous	96,832
Police jury expenditures	48,890
Capital outlay	79,419
Total expenditures	<u>2,254,617</u>
Excess (deficiency) of revenues over expenditures	<u>(159,598)</u>
Fund balances, beginning of year	<u>663,303</u>
Fund balances, end of year	<u>\$ 503,705</u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Fund
to the Statement of Activities
Year Ended June 30, 2020

Total net change in fund balances per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (159,598)
Capital outlay costs which are reported as expenditures in the Statement of Revenues, Expenditures, and Change in Fund Balances	79,419
Increase in liability for compensated absences	(19,620)
Depreciation expense is not recognized as an expenditure in the governmental fund	(19,320)
Certain items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures of governmental funds. The (increase)/decrease in these activities consist of:	
OPEB expenses	298,907
Some revenues reported in the statement of activities do not provide current financial resources in governmental funds:	
Non employer pension contributions	109,190
Governmental funds report pension contributions as expenditures; however, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions subsequent to the measurement date	192,887
Amortization of excess contributions during the measurement period	2,207
Cost of benefits net of employee contributions	<u>(619,383)</u>
Total change in net position per Statement of Activities	<u>\$ (135,311)</u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Statement of Agency Assets and Liabilities – Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 4,605,435</u>
LIABILITIES	
Due to litigants and others	<u>\$ 4,605,435</u>

The accompanying notes are an integral part of this statement.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, a 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.

Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Vermilion Parish Police Jury is the financial reporting entity for Vermilion Parish. The financial reporting entity consists of the primary government (Police Jury), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Vermilion Parish Police Jury 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. The criteria includes:

Appointing a voting majority of an organization's governing body, and

The ability of the Police Jury to impose its will on that organization and/or

The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.

Organizations for which the Police Jury does not appoint a voting majority but are fiscally dependent on the Police Jury.

Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Policy Jury provides the Vermilion Parish Clerk of Court (Clerk) with office space, operational expenditures and certain capital purchases, the Clerk was determined to be a component unit of the Vermilion Parish Policy Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Clerk and do not present information on the Police Jury, the general government services provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying basic financial statements of the Clerk have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Clerk as a whole. These statements include all the financial activities of the Clerk. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the Clerk's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Clerk, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

The Clerk uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Clerk are classified into two categories: governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for Clerk operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of the Clerk is considered to be a major fund. The funds of the Clerk are described as follows:

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund –

General Fund – This fund is the primary operating fund of the Clerk and it accounts for the operations of the Clerk’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Clerk’s policy.

Fiduciary Funds –

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by the Clerk are agency funds. The agency funds account for cash held by the clerk of court as an agent for litigants pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The agency funds are as follows:

Advance Deposit Fund – The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits on suits filed by litigants. The advances are refundable to the litigants after all costs have been paid.

Registry of the Court Fund – The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. The government-wide financial statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Clerk.

The clerk has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, the clerk 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.

The clerk considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the clerk's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Clerk maintains a threshold level of \$1,000 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided using the straight-line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office equipment	5-10
Computer and microfilm equipment	5-10

Compensated absences

Employees of the Clerk of Court's office earn 5 to 20 days of leave each year depending on length of service. Such leave is to be used for vacation, sickness, or emergencies. Employees are allowed to carryover a maximum of 15 days of unused leave to the following year.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position in the Government-wide Financial Statements

In the government-wide Statement of Net Position, the Net Position amounts are classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- Restricted net position – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – This component consists of all other net assets that do 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’s policy to use restricted resources first to finance its activities.

Fund Equity – Fund Financial Statements

Governmental fund equity is classified as fund balance. GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Vermilion Parish Clerk of Court, which is the entity's highest level of decision-making authority. These amounts cannot be used for any other purposes unless the Clerk removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Clerk did not have any committed resources as of year end.
- Assigned: This classification includes amounts that are constrained by the Vermilion Parish Clerk of Court's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Vermilion Parish Clerk of Court. The Clerk did not have any assigned resources as of year end.
- Unassigned: This classification is the residual fund balance of the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Vermilion Parish Clerk of Court will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Vermilion Parish Clerk of Court reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Revenues, Expenditures and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the Clerk is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function and in the funds financial statements, expenditures are classified by type.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 1 PURPOSE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary and Budgetary Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Clerk of Court.

The following procedures apply to establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

Bad Debts

All receivables are reported at their gross value and where appropriate are reduced by the estimated portion that is expected to be uncollectible.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 2 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Clerk may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Clerk may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2020, the Clerk of Court has cash and cash equivalents (book balances) totaling \$5,238,899 as follows:

	Governmental Fund Type	Fiduciary Fund Type	Total
Cash and demand deposits	\$ 492,835	\$ -	\$ 492,835
Money market and savings accounts	619	4,605,435	4,606,054
	\$ 493,454	\$ 4,605,435	\$ 5,098,889

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of deposit balances (bank balances) at June 30, 2020, and the related federal insurance and pledged securities:

Bank balances	\$ 5,196,239
Federal insurance	1,392,345
Pledged securities (Category 3)	4,405,240
Excess of pledged securities and federal insurance	\$ 601,346

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Clerk of Court's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Computer equipment	\$ 669,694	\$ 79,420	\$ -	\$ 749,114
Office equipment	223,658	-	-	223,658
Microfilm equipment	<u>96,465</u>	<u>-</u>	<u>-</u>	<u>96,465</u>
Total	<u>989,817</u>	<u>79,420</u>	<u>-</u>	<u>1,069,237</u>
Less: accumulated depreciation				
Computer equipment	643,155	18,961	-	662,116
Office equipment	223,299	359	-	223,658
Microfilm equipment	<u>96,465</u>	<u>-</u>	<u>-</u>	<u>96,465</u>
Total	<u>962,919</u>	<u>19,320</u>	<u>-</u>	<u>982,239</u>
Net capital assets	<u>\$ 26,898</u>	<u>\$ 60,100</u>	<u>\$ -</u>	<u>\$ 86,998</u>

Depreciation expense of \$19,320 was charged to the general government function.

NOTE 4 CHANGES IN GENERAL LONG-TERM LIABILITIES

	Balances at June 30, 2019	Additions	Reductions	Balances at June 30, 2020
Compensated absences	\$ 43,136	\$ 62,756	\$ 43,136	\$ 62,756
Other postemployment benefits	2,931,337	-	747,489	2,183,848
Net pension liability	<u>1,611,520</u>	<u>191,787</u>	<u>-</u>	<u>1,803,307</u>
Total	<u>\$ 4,585,993</u>	<u>\$ 254,543</u>	<u>\$ 790,625</u>	<u>\$ 4,049,911</u>

NOTE 5 DEFERRED COMPENSATION PLAN

Certain employees of Vermilion Parish Clerk of Court participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN

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

Plan Description

Substantially all employees of the Clerk of Court, except part-time and temporary employees, are members of the Louisiana Clerks' of Court Retirement and Relief Fund (Fund), a cost sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

The Fund was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. title 11:1501 for eligible employees of the clerk of the supreme court, each of the district courts, each of the courts of appeal, each of the city and traffic courts in cities having a population in excess of four hundred thousand at the time of entrance into the Fund, the Louisiana Clerks' of Court Association, the Louisiana Clerks of Court Insurance Fund, and the employees of the Fund. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the Fund in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Retirement Benefits

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks' of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

A member or former member shall be eligible for regular retirement benefits upon attaining twelve or more years of credited service, attaining the age of fifty-five years or more and terminating employment. Regular retirement benefits, payable monthly for life, equal 3 percent of the member's average final compensation multiplied by the number of years of credited service, not to exceed one hundred percent of the monthly average final compensation. Monthly average final compensation is based on the highest compensated thirty-six consecutive months, with a limit of increase of 10% in each of the last three years of measurement. For those members hired on or after July 1, 2006, compensation is based on the highest compensated sixty consecutive months with a limit of 10% increase in each of the last six years of measurement. Act 273 of the 2010 regular session applied the sixty consecutive months to all members. This Act has a transition period for those members who retire on or after January 1, 2011 and before December 31, 2012.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

Additionally, Act 273 of the 2010 regular session increased a member's retirement to age 60 with an accrual rate of 3% for all members hired on or after January 1, 2011.

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions

Disability Benefits

Effective through June 30, 2008, a member who has been officially certified as totally and permanently disabled by the State Medical Disability Board shall be paid disability retirement benefits determined and computed as follows:

- a. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of on-half of his monthly average final compensation or, at the option of the disability retiree, two and one-half percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed twenty-five dollars for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
- b. A member who has ten or more years of credited service and who is totally and permanently disabled due to any cause not the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to three percent of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed thirty-five dollars for each year of his credited service or eighty percent of his monthly average final compensation, whichever is less.

The following is effective for any disability retiree whose application for disability retirement is approved on or after July 1, 2008. The provisions related to the calculation of benefits will apply to any disability retiree whose application for disability retirement was approved before July 1, 2008, for benefits due and payable on or after January 1, 2008.

A member is eligible to receive disability retirement benefits from the Fund if he or she is certified to be totally and permanently disabled pursuant to R.S. 11:218 and one of the following applies:

- a. The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- b. The member has at least ten years of service credit.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

A member who has been certified as totally and permanently disabled will be paid monthly disability retirement benefits equal to the greater of:

- a. Forty percent of their monthly average final compensation.
- b. Seventy-five percent of their monthly regular retirement benefit computed pursuant to R.S. 11:1521(c).

A member leaving covered employment before attaining early retirement age but after completing twelve years' credited service becomes eligible for a deferred allowance provided the member lives to the minimum service retirement age and does not withdraw his or her accumulated contributions.

Survivor Benefits

If a member who has less than five years of credited service dies, his accumulated contributions are paid to his designated beneficiary. If the member has five or more years of credited service, then 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 normal 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% of each month by which payments commence in advance of member's earliest normal retirement age. If a member has not surviving spouse, the surviving minor children under 18 or disabled children shall be paid $\frac{1}{2}$ of the member's accrued retirement benefit equal shares. 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.

Deferred Retirement Option Plan

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 thirty-six 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. Compensation and creditable service remain as they existed on the effective date of commencement of participation in the plan.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the Deferred Retirement Option Plan account.

Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the Fund. If employment is not terminated at the end of the participation period, payments in to the account cease and the member resumes active contributing membership in the Fund. Upon termination, the member receives a lump sum payment from the DROP fund equal to the payments made to that fund on his behalf, or a true annuity based on his account (subject to approval by the Board of Trustees). The monthly benefit payments that were being paid into the DROP fund are paid to the retiree and an additional benefit based on his additional service rendered since termination of DROP participation is calculated using the normal method of benefit computation.

The average compensation used to calculate the additional benefit is that used to calculate the original benefit unless his period of additional service is at least thirty-six months. In no event can the entire monthly benefit amount paid to the retiree exceed 100% of the average compensation used to compute the additional benefit. If a participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate.

Cost of Living Adjustments

The Board of Trustees is authorized to provide a cost of living increase to members who have been retired for at least one full calendar year. The increase cannot exceed the lesser of 2.5% of the retiree's benefit or an increase of forty dollars per month. The Louisiana statutes allow the Board to grant an additional cost of living increase to all retirees and beneficiaries over age 65 equal to 2% of the benefit paid on October 1, 1977 or the member's retirement date if later

In lieu of granting a cost of living increase as described above, Louisiana statutes allow the board to grant a cost of living increase where the benefits shall be calculated using the number of years of service at retirement or at death plus the number of years since retirement or death multiplied buy by the cost of living amount which cannot exceed \$1. In order to grant any cost of living increase, the ratio of the actuarial value of assets to the pension benefit obligation must equal or exceed a statutory target ratio.

Employer Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, the actual employer contributions rate was 19.00%.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

In accordance with state statute, the Fund receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Schedule of Employer Allocations

The schedule of employer allocations reports the required projected employer contributions in addition to the employer allocation percentage. The required employer contributions are used to determine the proportionate relationship of each employer to all employers of Louisiana Clerks' of Court Retirement and Relief Fund. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on each employer's contribution to the Fund during the fiscal year ended June 30, 2019 as compared to the total of all employers' contributions received by the Fund during the fiscal year ended June 30, 2019.

Schedule of Pension Amounts by Employer

The schedule of pension amounts by employer displays each employer's allocation of the net pension liability. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation

Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Clerk reported a liability of \$1,803,307 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's proportion of the net pension liability was based on a projection of the Clerk's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Clerk's proportion was 0.993015%, which was a decrease of 0.024146% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Clerk recognized pension expense of \$339,715. The Clerk recognized revenue of \$109,190 as its proportionate share of non-employer contributions for the year ended June 30, 2020.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

At June 30, 2020, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,634	\$ -
Change in assumptions	115,273	-
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	57,673
Net differences between projected and actual earnings on plan investments	139,707	-
Contributions subsequent to the measurement date	192,887	-
	\$ 498,501	\$ 57,673

Deferred outflows of resources of \$192,887 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended 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:

Year Ended June 30,	
2020	\$ 91,773
2021	11,010
2022	86,854
2023	58,304
	\$ 247,941

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Valuation date	June 30, 2019
Salary increases (merit only)	5.00%
Investment rate of return	6.75%
Mortality rates	RP-2000 Employee Table (set back 4 year for males and 3 years for females) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and 3 years for females) RP-2000 Health Annuitant Table (set forward 1 year for males)
Expected remaining service lives	5 years
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and Included previously granted cost of living increases. The present values do not include provisions for potential future increases no year authorized by the Board of Trustees as they were deemed not to be substantially automatic

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2004 through June 30, 2009. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the Fund's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables.

The result of the procedure indicated that these tables would produce liability values approximating generational mortality tables used.

The discount rate used to measure the total 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 contributions from participating employers will be made at the actuarially determined rates approved by PRSAC 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.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' 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% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liabilities	2,679,415	1,803,307	1,060,063

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2019 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience – Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources in the amount of \$50,634 for the plan year ended June 30, 2019.

Differences between Projected and Actual Investment Earning – Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$139,707 for the plan year ended June 30, 2019.

Changes of Assumptions or Other Inputs – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$115,273 for the plan year ended June 30, 2019.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 6 PENSION PLAN (Continued)

Change in Proportion – Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion resulted in a net deferred inflow of resources in the amount of \$57,673 for the year ended June 30, 2019.

Contributions-Proportionate Share

Differences between contributions remitted to the Fund and the employer’s proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

NOTE 7 CHANGES IN BALANCES - AGENCY FUNDS

	Advanced Deposit Fund	Registry of Court Fund
Balance, beginning of year	\$ 1,763,672	\$ 2,866,936
Additions	962,226	47,396
Reductions	(873,345)	(161,450)
Balance, end of year	\$ 1,852,553	\$ 2,752,882

NOTE 8 EXPENDITURES PAID BY THE VERMILION PARISH POLICE JURY

Certain operating expenditures of the Clerk’s office are paid by the Vermilion Parish Police Jury and are included in the accompanying financial statements. These expenditures are summarized as follows:

Equipment maintenance and software	<u>\$ 48,890</u>
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VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 9 POST EMPLOYMENT BENEFITS

Plan Description – The Clerk’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. The Clerk’s OPEB is a single employer defined benefit OPEB plan administered by the Clerk. Benefits are provided through the Louisiana Clerk of Court Insurance Trust (“LCCIT”), a multiple-employer healthcare plan administered by the Louisiana Clerk 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 Statement 75. The premium rates are established and may be amended by the LCCIT board of trustees, with the Clerk determining the contribution requirements of the retirees.

Benefits provides: The Clerk provides medical, dental, vision, and life insurance benefits for retirees and their departments. The benefit terms provide for payment of 65% of retiree and dependent pre-Medicare health, Medicare Supplement, vision, dental and life insurance premiums.

Employees covered by benefit terms: At January 1, 2020, date of the actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits payments	16
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	27
Total	43

Total OPEB Liability

The Clerk’s total OPEB liability of \$2,183,848 was measured as of June 30, 2020 and was determined by an actuarial valuation as of January 1, 2020.

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:

Inflation:	2.40%
Salary Increases, including inflation:	3.25%
Discount Rate:	2.45%
Health Care Cost Trend Rates	

Medicinal:	6.50% for 2021, decreasing 0.25% per year to an ultimate rate of 5.0% for 2027 and later years.
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VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 9 POST EMPLOYMENT BENEFITS (Continued)

Medicare Supplement:	
Dental:	3.0% annual trend
Vision:	3.0% annual trend

Retirees' Share of Benefit-Related Costs:

Medical:	35% for retirees and 35% for dependents.
Medicare Supplement:	35% for retirees and 35% for dependents.
Dental:	35% for retirees and 35% for dependents.
Vision:	35% for retirees and 35% for dependents.
Basic Life Insurance:	35% for retirees and 35% for dependents.

The discount rate was based on the 6/30/2020 Fidelity General Obligation AA 20-Year Yield.

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

Mortality rates for retired employees were based on the PubG.H-2010 Healthy Annuitant mortality table, Generational with Projection Scale MP-2019 for males or females, as appropriate.

The actuarial assumptions used in the June 30, 2020 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 at 6/30/2019	\$ 2,931,338
Changes for the year:	
Service cost	52,476
Interest	92,096
Differences between expected and actual experience	(180,278)
Changes in assumptions/Inputs	(628,861)
Benefit payments	<u>(82,923)</u>
Net changes	<u>(747,490)</u>
Balance at 6/30/2020	<u>\$ 2,183,848</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 9 POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 1.45 percent or 1-percentage-point higher 3.45 percent than the current discount rate:

	1% Decrease 1.45%	Discount Rate 2.45%	1% Increase 3.45%
Total OPEB liability	<u>\$ 2,570,504</u>	<u>\$ 2,183,848</u>	<u>\$ 1,890,475</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the Clerk, as well as what the Clerk's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	<u>\$ 2,040,709</u>	<u>\$ 2,183,848</u>	<u>\$ 2,449,028</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Clerk recognized an OPEB expense of \$60,874. At June 30, 2020, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 316,555
Changes of assumptions or other inputs	<u>181,133</u>	<u>558,987</u>
Total	<u>\$ 181,133</u>	<u>\$ 875,542</u>

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

Year Ended June 30:	
2021	(83,698)
2022	(83,698)
2023	(83,698)
2024	(83,698)
2025	(89,904)
Thereafter	<u>(269,713)</u>
	<u>\$ (694,409)</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Notes to Basic Financial Statements

NOTE 10 RISK MANAGEMENT

The Clerk is exposed to risks of loss in the areas of auto liability, professional liability, and workers compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

NOTE 11 COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CLERK OF COURT

A detail of compensation, benefits, and other payments made to Clerk of Court Diane Meaux Broussard for the year ended June 30, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 161,992
Benefits - insurance	14,513
Benefits - retirement	44,143
Benefits - deferred comp.	7,200
Auto allowance	24,300
Conference travel and other expenses	4,700
Total	<u>\$ 256,848</u>

NOTE 11 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 28, 2020, the date the financial statements were available to be issued. There were no events that required disclosure.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization has characterized COVID-19 as a pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Entity's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our revenue sources, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Entity's financial condition or results of operations is uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2020

	Budget		Actual Amounts	Variance With Final Budget Positive or (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 26,500	\$ 25,500	\$ 20,125	\$ (5,375)
Fees, charges and commissions -				
Court costs, fees and charges	354,000	383,500	384,724	1,224
Fees for recording legal documents	1,689,000	1,549,000	1,523,356	(25,644)
Fees for certified copies	15,000	15,000	13,800	(1,200)
Intergovernmental	79,000	79,000	72,658	(6,342)
Miscellaneous	<u>25,500</u>	<u>25,500</u>	<u>80,356</u>	<u>54,856</u>
Total revenues	<u>2,189,000</u>	<u>2,077,500</u>	<u>2,095,019</u>	<u>17,519</u>
Expenditures:				
Current -				
General government -				
Salaries	1,029,000	1,074,000	1,062,748	11,252
Employee benefits	656,000	696,000	677,934	18,066
Insurance	23,000	16,500	14,905	1,595
Operation and maintenance	194,000	198,000	186,217	11,783
Vehicle	25,000	25,000	24,300	700
Professional services	85,000	90,000	63,372	26,628
Miscellaneous	104,000	112,500	96,832	15,668
Police jury expenditures	49,000	49,000	48,890	110
Capital outlay	<u>5,000</u>	<u>55,000</u>	<u>79,419</u>	<u>(24,419)</u>
Total expenditures	<u>2,170,000</u>	<u>2,316,000</u>	<u>2,254,617</u>	<u>61,383</u>
Excess (deficiency) of revenues over expenditures	<u>19,000</u>	<u>(238,500)</u>	<u>(159,598)</u>	<u>78,902</u>
Fund balance, beginning of year	<u>663,303</u>	<u>663,303</u>	<u>663,303</u>	<u>-</u>
Fund balance, end of year	<u>\$ 682,303</u>	<u>\$ 424,803</u>	<u>\$ 503,705</u>	<u>\$ 78,902</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended June 30, 2020

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	\$ 53,839	53,293	52,476		
Interest	101,544	89,026	92,096		
Changes of benefit terms	-	-	-		
Differences between expected and actual experience	(15,141)	(221,483)	(180,278)		
Changes in assumptions or other inputs	-	271,700	(628,861)		
Benefit payments	(96,605)	(104,378)	(82,923)		
Net Change in Total OPEB Liability	\$ 43,637	\$ 88,158	\$ (747,490)		
Total OPEB Liability - beginning	\$ 2,799,543	\$ 2,843,180	\$ 2,931,338		
Total OPEB Liability - ending	\$ 2,843,180	\$ 2,931,338	\$ 2,183,848		
Covered Employee Payroll	\$ 886,262	\$ 912,850	\$ 939,824		
Total OPEB Liability as a percentage of covered employee payroll	320.81%	321.12%	232.37%		

Notes to Schedule:

Changes of Benefit Terms:

None

Changes of Assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018	3.62%
2019	3.13%
2020	2.45%

Mortality Rates

2018	RPH 2014 Employee and Healthy Annuity, Generational with MP-2019
2019	PubG.H-2010 Employee and Healthy Annuity, Generational with MP-2019
2020	PubG.H-2010 Employee and Healthy Annuity, Generational with MP-2019

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Schedule of Proportionate Share of
Net Pension Liability
Year Ended June 30, 2020

Year Ended June 30	Proportion of the net pension liability	(a) Proportionate share of the net pension liability	(b) Covered employee payroll	(a/b) Share of the net pension liability as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	1.093779%	\$ 1,475,357	\$1,004,522	146.87%	79.37%
2016	1.109114%	\$ 1,663,706	\$ 990,911	167.90%	78.13%
2017	1.085040%	\$ 2,007,296	\$ 908,911	220.85%	74.17%
2018	1.007500%	\$ 1,524,293	\$ 886,262	171.99%	79.69%
2019	0.968869%	\$ 1,611,520	\$ 965,542	166.90%	79.07%
2020	0.993015%	\$ 1,803,307	\$1,015,195	177.63%	77.93%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Schedule of Pension Contributions
Year Ended June 30, 2020

<u>Year Ended June 30</u>	<u>Contractually required contribution</u>	(a) <u>Contributions relative to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	(b) <u>Covered employee payroll</u>	(a/b) <u>Contributions as a percentage of covered employee payroll</u>
2015	\$ 190,859	\$ 190,859	\$ -	\$1,004,522	19.0%
2016	\$ 188,273	\$ 188,273	\$ -	\$ 990,911	19.0%
2017	\$ 172,693	\$ 172,693	\$ -	\$ 908,911	19.0%
2018	\$ 168,390	\$ 168,390	\$ -	\$ 886,262	19.0%
2019	\$ 183,453	\$ 183,453	\$ -	\$ 965,542	19.0%
2020	\$ 192,887	\$ 192,887	\$ -	\$1,015,195	19.0%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER FINANCIAL INFORMATION

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
Agency Funds

Combining Statement of Assets and Liabilities
June 30, 2020

	<u>Advance Deposit</u>	<u>Registry of Court</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 1,852,553</u>	<u>\$ 2,752,882</u>	<u>\$ 4,605,435</u>
LIABILITIES			
Due to litigants and others	<u>\$ 1,852,553</u>	<u>\$ 2,752,882</u>	<u>\$ 4,605,435</u>

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana
Agency Funds

Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2020

ASSETS	Advance Deposit	Registry of Court	Total
Balances, beginning of year	<u>\$1,763,672</u>	<u>\$2,866,936</u>	<u>\$4,630,608</u>
Additions:			
Deposits in civil suits	922,127	-	922,127
Security bond deposits	40,099	-	40,099
Deposits by order of the court	-	35,758	35,758
Interest earnings	-	11,638	11,638
Total additions	<u>962,226</u>	<u>47,396</u>	<u>1,009,622</u>
Total	<u>2,725,898</u>	<u>2,914,332</u>	<u>5,640,230</u>
Reductions:			
Payments by order of the court	-	161,450	161,450
Refund of deposits	131,837	-	131,837
Clerk's fees transferred to general fund	581,481	-	581,481
Sheriff's fees - local	50,472	-	50,472
Sheriff's fees - other parishes	36,845	-	36,845
Commissioner of insurance - report fee	415	-	415
Attorney fees	17,022	-	17,022
Battered women's fees	1,850	-	1,850
Secretary of state fees	6,370	-	6,370
Court of appeal fees	668	-	668
Judges support compensation fees	28,486	-	28,486
Judicial costs	17,510	-	17,510
Payments to police jury	389	-	389
Total reductions	<u>873,345</u>	<u>161,450</u>	<u>1,034,795</u>
Balances, end of year	<u>\$1,852,553</u>	<u>\$2,752,882</u>	<u>\$4,605,435</u>
LIABILITIES			
Due to litigants and others, beginning of year	\$1,763,672	\$2,866,936	\$4,630,608
Additions	962,226	47,396	1,009,622
Reductions	<u>873,345</u>	<u>161,450</u>	<u>1,034,795</u>
Due to litigants and others, end of year	<u>\$1,852,553</u>	<u>\$2,752,882</u>	<u>\$4,605,435</u>

**COMPLIANCE
AND
INTERNAL CONTROL**



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

The Honorable Diane Meaux Broussard
Vermilion Parish Clerk of Court
Abbeville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and major fund of the Vermilion Parish Clerk of Court, a component unit of the Vermilion Parish Police Jury, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the Vermilion Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Vermilion Parish Clerk of Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vermilion Parish 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-01 and 2020-02 that we consider to be a material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vermilion Parish 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Vermilion Parish Clerk of Court's Response to Findings

The Vermilion Parish Clerk of Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Vermilion Parish Clerk of Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Abbeville, Louisiana
December 28, 2020

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2020

Part I: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Vermilion Parish Clerk of Court financial statements as of and for the year ended June 30, 2020.

Internal Control Deficiencies – Financial Reporting

Material weaknesses in internal control over financial reporting were disclosed during the audit of the financial statements and are reported as findings 2020-01 and 2020-02 in Part II.

Material Noncompliance – Financial Reporting

No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2020.

Part II: Findings Relating to an Audit in Accordance with *Government Auditing Standard*

2020-01 Bank Reconciliation Procedures

Condition – Bank reconciliations are not being prepared timely and accurately. Management is not documenting their evaluation of stale outstanding items (checks and deposits).

Criteria – To ensure accurate financial reporting and reduce the risk of improper cash activity, personnel should timely reconcile each bank account and ensure that all transactions are accurately posted to the general ledger and evaluate outstanding items that have not cleared the bank.

Cause – The Clerk of Court's bank reconciliations were not prepared timely and outstanding items allowed to remain and become stale.

Effect – The Clerk of Court's failure to prepare timely bank reconciliations and follow-up on outstanding items may result in inaccurate reporting of financial information.

Recommendation – The Clerk of Court should implement a process to ensure bank reconciliations are both timely prepared and outstanding items are reviewed, evaluated and, if necessary, make the appropriate entries to correct in the general ledger.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2020

Part II: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (continued)

2020-02 Miscodings

Condition – Transactions and entries recorded and affecting the amounts reported as revenues and expenditures were miscoded and inconsistently recorded as to account and fund.

Criteria – To ensure accurate and timely financial reporting, all transactions and adjustments should be properly coded as to account, fund, and period.

Cause – The audit revealed miscodings and postings affecting various accounts and funds. Incomplete closing procedures in one fund resulted in an untimely submitted working trial balance.

Effect – Inconsistent and erroneous coding could result in misstatement of financial statements, compromised budgeting decisions, and audit inefficiencies.

Recommendation – Diligent and timely monitoring should be performed to ensure that all transactions are captured and properly coded to the respective accounts, funds and period.

Views of Responsible Officials and Planned Corrective Actions – This information is in the separate Summary Schedule of Management's Corrective Action Plan on page 50.

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Part III: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2020, the Vermilion Parish Clerk of Court did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore this section is not applicable.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2020

2019-01 Reconciliation of Accounts Receivable Subsidiary to the General Ledger

Finding: Our audit procedures relating to accounts receivable revealed an absence of procedures to reconcile the accounts receivable subsidiary to the general ledger.

Status: This issue has been resolved.

VERMILION PARISH CLERK OF COURT
Abbeville, Louisiana

Summary Schedule of Management's Corrective Action Plan
Year Ended June 30, 2020

The following is management's corrective action plan in response to each of the current year findings:

2020-01 Bank Reconciliation Procedures

The Vermilion Parish Clerk of Court will implement a process to ensure that bank reconciliations are timely prepared and outstanding items are reviewed, evaluated, and the appropriate entries made to correct the general ledger, if necessary.

2020-02 Miscodings

The Vermilion Parish Clerk of Court will improve review procedures in order to timely monitor all transactions and ensure that they are properly captured and coded to the respective accounts and funds.