

St. Charles Parish Clerk of Court
Hahnville, Louisiana

FINANCIAL REPORT

June 30, 2017



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June 30, 2017**

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Report



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INDEPENDENT AUDITORS' REPORT

Honorable Lance Marino
St. Charles Parish Clerk of Court
Hahnville, Louisiana

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Charles Parish Clerk of Court (the "Clerk of Court") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Clerk of Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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 auditors consider internal control relevant to the Clerk of Court'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 Clerk of Court'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, the major fund, and the aggregate remaining fund information of the Clerk of Court as of June 30, 2017, and the respective changes in financial position 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, budgetary comparison information, the Schedule of Funding Progress, the Schedule of Proportionate Share of Net Pension Liability for Clerk of Courts' Pension and Relief Fund, and the Schedule of Employer Contributions to Clerk of Courts' Pension and Relief Fund on pages 4-8, 38, 39, 40, and 41, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Clerk of Court's basic financial statements. The Combining Statement of Changes in Assets and Liabilities - Agency Funds and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Changes in Assets and Liabilities - Agency Funds and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the Combining Statement of Changes in Assets and Liabilities - Agency Funds and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are 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 19, 2017 on our consideration of the Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk of Court's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

December 19, 2017



Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the St. Charles Parish Clerk of Court's (the "Clerk of Court") financial report presents our discussion and analysis of the Clerk of Court's financial performance during the year that ended on June 30, 2017. Please read it in conjunction with the Clerk of Court's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position of government-wide activities decreased by \$211,235 or 7.3%.
- The liabilities of the Clerk of Court exceeded its assets by \$3,098,207 at June 30, 2017. Of this amount, \$36,516 is invested in capital assets net of related debt. The Clerk of Court has an unrestricted net deficit of (\$3,134,723) in governmental activities.
- During the year, the Clerk of Court had expenses of \$2,506,223, which was \$338,525 more than the \$2,167,698 of revenue generated by governmental programs during the year. This contrasts to the prior year, when expenses exceeded revenues by \$500,323.
- Governmental funds reported an ending unassigned fund balance of \$71,500, which is a \$55,916 increase from the prior year ending fund balance of \$15,584.
- Total governmental fund revenues were \$2,171,285 in the current year, an increase of \$60,252 from prior year revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the Clerk of Court.

The first two statements are Government-Wide Financial Statements that provide both long-term and short-term information about the Clerk of Court's overall financial status.

The remaining statements are Fund Financial Statements that focus on individual funds of the Clerk of Court, reporting the Clerk of Court's operations in more detail than the Government-Wide Financial Statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the Clerk of Court as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Clerk of Court's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-Wide Statements report the Clerk of Court's net position and how they have changed. The balance of net position is an indicator of the financial well-being of the Clerk of Court. Increases and decreases in net position are an indicator of whether its financial health is improving or declining.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Clerk of Court's most significant funds – not the entity as a whole. Funds are accounting devices that governments use to keep track of specific sources of funding and spending for particular purposes. The Clerk of Court has one governmental fund, the General Fund, to account for the numerous funding sources provided annually and is presented individually in the financial statements. These statements report governmental activities on a more current basis rather than a long-term basis, indicating sources and uses of funding and resources available for spending in future periods. Governmental Fund Financial Statements focus on how money flows in and out of those funds, the balances that are left at year-end, and the amount available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The relationship between governmental activities reported in the Government-Wide Financial Statements and the governmental funds reported in the Fund Financial Statements are reconciled in the Fund financial Statements.

The Clerk of Court is the trustee, or fiduciary, for funds reserved by the Court as well as for advanced costs collected for court costs. All of these fiduciary activities are reported in a separate Statement of Assets and Liabilities. We exclude these activities from the 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 Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund Budget and Actual reports the original and final amended budget adopted by the Clerk of Court as well as the actual activities and how they compare to the final budgeted numbers.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Clerk of Court's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$3,098,207 at June 30, 2017. (\$3,134,723) of net position is an unrestricted deficit with another \$36,516 consisting of net investment in capital assets. The Clerk of Court uses these capital assets, which consist entirely of office equipment, furniture, fixtures, equipment, and automobiles as part of its daily operations. Consequently, these assets are not available for future spending. The following table reflects condensed information on the Clerk of Court's net position:

	June 30, 2017	June 30, 2016	Dollar Change	Percent Change
Current and other assets	\$ 142,445	\$ 220,515	\$(78,070)	-35%
Capital assets	36,516	57,520	(21,004)	-37%
Total assets	178,961	278,035	(99,074)	-36%
Deferred outflow of resources - pension	800,301	431,633	368,668	85%
Total Assets and Deferred Outflow of Resources	979,262	709,668	269,594	38%
Current liabilities	76,570	206,843	(130,273)	-63%
Noncurrent liabilities	3,769,462	3,027,656	741,806	25%
Total liabilities	3,846,032	3,234,499	611,533	19%
Deferred inflow of resources - pension	231,437	362,140	(130,703)	-36%
Total Liabilities and Deferred Inflows of Resources	4,077,469	3,596,639	480,830	13%
Net investment in capital assets	36,516	57,520	(21,004)	-37%
Unrestricted	(3,134,723)	(2,944,491)	(190,232)	6%
Total Net Position	\$(3,098,207)	\$(2,886,971)	(211,236)	7%

The Clerk of Court did not have any net position subject to restrictions in the current year.

The Clerk of Court's total revenues for the year in governmental activities were \$2,294,988 (\$2,167,698 in program revenues, \$123,703 in miscellaneous revenue, and \$3,587 in general revenues). This is a decrease of approximately 1% from the prior year.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, St. Charles Parish Clerk of Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Looking at funds helps in considering whether the Clerk of Court is being accountable for the resources provided to it but may also provide insight into the overall financial health.

The focus of the Clerk of Court's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Clerk of Court's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Clerk of Court's governmental fund reported ending fund balance of \$71,500, an increase of \$55,916 in comparison with the prior year. All of the total fund balance at year end was considered to be *unassigned*.

The General Fund is the primary fund of the Clerk of Court and accounts for all of the Clerk of Court's governmental activities. As a measure of the General Fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 3% of total General Fund expenditures compared to 1% in the prior year.

BUDGETARY HIGHLIGHTS

The Clerk of Court's budget is prepared according to Louisiana law. During the course of the year, the Clerk of Court revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected total revenues are less, or anticipated total expenditures are in excess, of budgetary goals by 5% or more. The original budget for the Clerk of Court was adopted in June of 2016 and the final revised budget was adopted in September of 2017.

A statement reporting the Clerk of Court's original and final budget compared with actual operating results is provided in the schedule beginning on page 38.

A comparison of actual results as of June 30, 2017 and the original budget for the General Fund are as follows:

	Original Budget	Actual	Difference
Total revenues	\$ 2,101,400	\$ 2,171,285	\$ 69,885
Total expenditures	2,128,889	2,115,369	(13,520)
Net change in fund balance	\$ (27,489)	\$ 55,916	\$ 83,405

Significant variations between the original budget and the final amended budget for the General Fund are as follows:

	Original Budget	Final Budget	Difference
Total revenues	\$ 2,101,400	\$ 2,165,100	\$ 63,700
Total expenditures	2,128,889	2,110,235	(18,654)
Net change in fund balance	\$ (27,489)	\$ 54,865	\$ 82,354

Total expenses in the final amended budget were lower than the original budget due to lower than anticipated expenses, particularly in regard to personnel salaries and related benefits and professional fees.

CAPITAL ASSETS

Capital assets include office equipment, furniture, fixtures, equipment, and automobiles recorded at a historical cost of \$919,800. Accumulated depreciation as of June 30, 2017 of \$883,284 recorded from the cost of assets resulted in an ending book balance of \$36,516.

This year there were no additions and no disposals recorded to capital assets. Depreciation expense of \$21,004 was recorded for the year. More detailed information about the capital assets is presented in Note 4 to the financial statements.

ECONOMIC AND OTHER FACTORS BEARING ON THE CLERK'S FUTURE

Historically, the Clerk of Court's office staff and costs remain relatively stable year to year. In the current year, there was a decrease in personnel salaries and related benefits. The decrease in personnel salaries can be attributed to the decrease in Clerk of Court personnel in the current year. The Clerk of Court's office anticipates for expenses to remain consistent in the subsequent year along with an increase in program revenues in the following year due to recently enacted legislation, which would lead to an increase in fund balance next year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances and to show the accountability for the funds received. If you have questions about this report or need additional information, contact:

Honorable Lance Marino
St. Charles Clerk of Court
P.O. Box 424
Hahnville, Louisiana 70057
985-783-6632



Financial Statements

St. Charles Parish Clerk of Court
Statement of Net Position
June 30, 2017

	Governmental Activities	
Assets		
Cash and cash equivalents	\$	69,792
Certificates of deposit		50,000
Receivables		22,653
Capital assets being depreciated, net		36,516
Total Assets		178,961
Deferred Outflows of Resources		
Pension deferrals		800,301
Total Deferred Outflows of Resources		800,301
Total Assets and Deferred Outflows of Resources		\$ 979,262
Liabilities		
Accounts payable and other current liabilities	\$	69,052
Due to other funds		1,893
Long term liabilities:		
Due in one year		5,625
Due in more than one year		3,769,462
Total Liabilities		3,846,032
Deferred Inflows of Resources		
Pension deferrals		231,437
Total Deferred Inflows of Resources		231,437
Net Position		
Net investment in capital assets		36,516
Unrestricted		(3,134,723)
Total Net Position		(3,098,207)
Total Liabilities, Deferred Inflows of Resources, and Net Position		\$ 979,262

The accompanying notes are an integral part of this statement.

**St. Charles Parish Clerk of Court
Statement of Activities
For the Year Ended June 30, 2017**

Function/Programs	Expenses	Program Revenues	Charges for Services	Net (Expense) Revenue and Change in Net Position
				Governmental Activities
Governmental Activities				
General government	\$ 2,506,223		\$ 2,167,698	\$ (338,525)

General revenues:	
Miscellaneous revenue	123,703
Interest and investment earnings	3,587
<hr/>	
Change in net position	(211,235)
Net position - beginning of year	(2,886,972)
<hr/>	
Net position - end of year	\$ (3,098,207)
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The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court
Balance Sheet
Governmental Fund
June 30, 2017

	General Fund
Assets	
Cash and cash equivalents	\$ 69,792
Certificates of deposit	50,000
Accounts receivable	22,653
<hr/>	
Total Assets	\$ 142,445
<hr/> <hr/>	
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 69,052
Due to other funds	1,893
<hr/>	
Total Liabilities	70,945
<hr/>	
Fund balance:	
Unassigned	71,500
<hr/>	
Total Fund Balance	71,500
<hr/>	
Total Liabilities and Fund Balance	\$ 142,445
<hr/> <hr/>	

The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
June 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balance, total governmental fund	\$	71,500
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets		919,800
Less accumulated depreciation		<u>(883,284)</u>
		36,516
Deferred outflows of resources for pension related deferrals		800,301
Deferred inflows of resources for pension related deferrals		(231,437)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund:		
Compensated absences		(21,634)
Net pension liability		(2,181,667)
Net OPEB obligation		<u>(1,571,786)</u>
		<u>(3,775,087)</u>
Net position of governmental activities	\$	(3,098,207)

The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Fund

For the Year Ended June 30, 2017

Revenues

Fees, charges, and commissions:	
Court costs, fees, and charges	\$ 1,220,548
Recording legal documents	577,402
Certified copies	196,714
Subscriptions	127,339
Intergovernmental revenues	44,269
Interest	3,587
Other income	1,426
<hr/>	
Total Revenues	2,171,285

Expenditures

Current:	
General government:	
Personnel salaries and related benefits	1,738,942
Operating services	225,273
Materials and supplies	60,981
Professional fees	73,518
Other	16,655
<hr/>	
Total Expenditures	2,115,369
<hr/>	
Net change in fund balance	55,916
<hr/>	
Fund balance - beginning of year	15,584
<hr/>	
Fund balance - end of year	\$ 71,500

The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balance to the Statement of Activities
For the Year Ended June 30, 2017**

Amounts reported for governmental activities in the
Statement of Activities are different because:

Net change in fund balance, total governmental fund	\$	55,916
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.		
Depreciation expense		(21,004)
In the Statement of Activities, certain pension-related inflows and outflows of resources are recognized in the current year, while others are deferred. The net effect of these pension-related transactions are as follows:		
Current year pension (expense) per the retirement system		(284,483)
Current year amortization of certain deferred inflows and outflows		(2,658)
Deferral of current year pension contributions made by employer		199,625
Recognition of on-behalf payments made to pension plan by non-employer entities		123,703
Some activity reported in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Increase in net OPEB obligation		(279,141)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid). The amount of compensated absences earned exceeded the amounts used by:		
		(3,193)
Change in net position of governmental activities	\$	(211,235)

The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2017

		Agency Funds
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Assets		
Cash and cash equivalents	\$	1,788,533
Certificates of deposit		3,087,688
Due from General Fund		253
<hr/>		
Total Assets	\$	4,876,474
<hr/> <hr/>		
Liabilities		
Due to litigants and others	\$	4,875,114
Due to General Fund		1,360
<hr/>		
Total Liabilities	\$	4,876,474
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The accompanying notes are an integral part of this statement.

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of St. Charles Parish Clerk of Court (the “Clerk of Court”) have been prepared in conformity with Generally Accepted Accounting Principles (“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 more significant of the Clerk of Court’s accounting policies are described below.

Reporting Entity

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 shall have other duties and powers provided by law. A Clerk of Court is elected for a term of four years.

These financial statements only include funds and activities that are controlled by the Clerk of Court as an independently elected parish official.

As an independently elected official, the Clerk of Court is solely responsible for the operations of their office, which includes the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Certain units of local government over which the Clerk of Court exercises no oversight responsibility, such as the St. Charles Parish (the “Parish”) School Board, other independently elected officials, and municipalities within the Parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the Clerk of Court.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Clerk of Court. The effect of interfund activity has been removed from these statements.

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

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The accounts of the Clerk of Court are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Clerk of Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major governmental funds. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Governmental Funds:

General Fund - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the Clerk of Court and is used to account for the operations of the Clerk of Court's office. The various fees and charges due to the Clerk of Court's office are accounted for in this fund. General operating expenditures are paid from this fund.

Fiduciary Funds:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of other funds within the Clerk of Court. The funds accounted for in this category by the Clerk of Court are the agency funds. The agency funds are as follows:

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Clerk of Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as required by accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budgetary Accounting

A proposed budget is prepared by the Clerk of Court for the fiscal year no later than fifteen days prior to the beginning of each fiscal year. 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. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing. 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. All budgetary appropriations lapse at the end of each fiscal year.

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

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, cash includes all demand, savings accounts, and certificates of deposit with less than three months of maturity of the Clerk of Court.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include furniture, equipment, and automobiles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Clerk of Court maintains a threshold level of \$2,000 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of assets are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the accompanying 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:

Office equipment	5-7 years
Furniture, fixtures and equipment	7-10 years
Automobiles	5 years

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net 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 expense until then. The Clerk of Court has one item that meets this criterion, pension related deferrals. In addition to liabilities, the Statement of Net 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 revenue until then. The Clerk of Court has one item that meets the criterion for this category, pension related deferrals.

Compensated Absences

The Clerk of Court accrues accumulated personal leave and associated employee related costs when earned (or estimated to be earned) by the employee. The compensated absence liability for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employees of the Clerk of Court's office are granted from 16 to 30 days of personal leave each calendar year, depending on their length of service. Any "comp-time" earned due to employees working overtime is added to the personal leave time. At resignation or retirement, employees receive one day's pay for every two days of personal leave earned and unused.

Net Position Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets - 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 assets.
- b. Restricted net position – consists of net positions with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or law through constitutional provisions or enabling legislation. Restricted for other purposes on the Statement of Net Position consist of grant related cash and workers compensation investments.
- c. Unrestricted net position – all other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

Fund Balance

Fund balance for the Clerk of Court's governmental funds is reported depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority.

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

- d. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- e. Unassigned - amounts that are available for any purpose.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions including allowance for bad debts. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

Future Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The standard is effective for the year ending June 30, 2018.

In March 2017, the GASB issued Statement No. 85 – Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The standard is effective for the year ending June 30, 2018.

Management is still determining the impact that these standards will have on the Clerk of Court’s financial statements.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Clerk of Courts' Pension and Relief Fund ("the Fund") and additions to/deductions from the Fund's 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. Investments are reported at fair value.

Subsequent Events

Subsequent events have been evaluated through December 19, 2017, the date the financial statements were available to be issued, and no events material to the financial statements were noted for disclosure.

NOTE 2: CASH AND CERTIFICATES OF DEPOSIT

At June 30, 2017, the Clerk of Court had the following cash and certificates of deposit as follows:

Governmental Funds	\$	119,792
Fiduciary Funds		4,876,221
Total	\$	4,996,013

Under State law, the bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At year-end, the bank balance was fully secured by the amount insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the Clerk of Court's agent in the Clerk of Court's name.

NOTE 3: RECEIVABLES

The accounts receivable in the governmental fund of \$22,653 consists of amounts due from attorneys for recording court fees and expenses related to cases in progress, and from abstractors for certified copies.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 4: CAPITAL ASSETS

A summary of changes in governmental fund type capital assets for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Furniture, Fixtures, & Equipment	\$ 246,899	\$ -	\$ -	\$ 246,899
Office Equipment	646,119	-	-	649,119
Automobile	26,782	-	-	26,782
Less: Accumulated depreciation	(862,280)	(21,004)	-	(883,284)
Net capital assets	\$ 57,520	\$(21,004)	\$ -	\$ 36,516

Depreciation expense of \$21,004 was charged to the general government function.

NOTE 5: PENSION PLAN

Plan Description

The Louisiana Clerks' of Court Retirement and Relief Fund (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's 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.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

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 1/3 percent of the member's average final compensation multiplied by the number of years of credited service, not to

NOTE 5: PENSION PLAN (CONTINUED)

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. 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:

- 1) 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 one-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.
- 2) 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

NOTE 5: PENSION PLAN (CONTINUED)

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:

- The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- The member has at least ten years of service credit.
- A member who has been certified as totally and permanently disabled will be paid monthly disability retirement benefits equal to the greater of:
 - 1) forty percent of their monthly average final compensation.
 - 2) 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's 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, 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 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 1/2 of the member's accrued retirement benefit in 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.

NOTE 5: PENSION PLAN (CONTINUED)

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. During the year ended June 30, 2007 participants had to have been an active contributing member for one full year before becoming eligible for DROP. Upon commencement of participation in the DROP, 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.

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 into 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 by the cost of living amount which cannot exceed \$1.

NOTE 5: PENSION PLAN (CONTINUED)

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.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2017, the actual employer contribution rate was 19.00%. For the year ended June 30, 2016, the actuarially determined employer contribution rate was 17.27%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

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.

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

At June 30, 2017, the Clerk of Court reported a liability of \$2,181,667 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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. At June 30, 2017, the Clerk of Court's proportion was 1.179296%, which was an increase of 0.03366% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2017, the Clerk of Court recognized pension expense of \$284,483 plus the Clerk of Court's amortization of change in proportionate share and difference between employer contributions and proportionate share of contributions of \$2,658.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 5: PENSION PLAN (CONTINUED)

At June 30, 2017, the Clerk of Court 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
Differences between expected and actual experience	\$ 22,264	\$ (74,259)
Net difference between projected and actual earnings on pension plan investments	376,410	-
Change in assumptions	134,364	-
Changes in proportion and differences between employer contributions and proportion of shared contributions	67,638	(157,178)
Employer contributions subsequent to the measurement date	199,625	-
Total	\$ 800,301	\$ (231,437)

Deferred outflows of resources of \$199,625 related to pensions resulting from the Clerk of Court's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2018	\$ 67,900
2019	67,900
2020	119,268
2021	114,171

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.00%, net of investment expense, including inflation
Projected salary increases	5.00%

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 5: PENSION PLAN (CONTINUED)

Mortality rates	RP-2000 Employee Mortality Table (set back 4 years 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 Healthy 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 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 as they were deemed not to be substantively automatic.

The actuarial assumptions used are based on the assumptions used in the 2016 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 unless otherwise specified.

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, 2009 through June 30, 2014. 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 the appropriate generational mortality tables used.

The long-term expected real 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 expense 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 7.00% for the year ended June 30, 2016.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 5: PENSION PLAN (CONTINUED)

The rate of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed Income:		
Core fixed income	5.0%	1.00%
Core plans fixed income	15.0	1.50
Domestic Equity:		
Large cap domestic equity	21.0	4.25
Non-large cap domestic equity	7.0	4.00
International Equity:		
Large cap international equity	15.5	5.25
Small cap international equity	5.0	5.00
Emerging markets	6.5	7.25
Real Estate	10.0	4.75
Master Limited Partnerships	5.0	6.50
Hedge Funds	10.0	3.50
Totals	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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.

Sensitivity of the Clerk of Court's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Clerk of Court's proportionate share of the Net Pension Liability using the discount rate of 7.00%, 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 (6.00%) or one percentage-point higher (8.00%) than the current rate:

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 5: PENSION PLAN (CONTINUED)

	1.0% Decrease (6.00%)	Current Discount Rate (7.00%)	1.0% Increase (8.00%)
Clerk of Court's proportionate share of the net pension liability	\$ 3,104,472	\$ 2,181,667	\$ 1,398,391

Support of Non-employer Contributing Entities

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Clerk of Court recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2017, the Clerk of Court recognized revenue as a result of support received from non-employer contributing entities of \$123,703 for its participation in the Clerk of Courts' Pension and Relief Fund.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Clerk of Courts' Retirement and Relief Fund Audit Report at www.la.gov. The Clerk of Courts' Retirement and Relief Fund issues a publicly available audit report that includes financial statements and required supplementary information.

Payables to the Pension Plan

Payables to the Pension Plan for contractually required contributions were \$22,994 as of June 30, 2017. Outstanding balances will be applied to the Clerk of Court's required monthly contribution.

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN

Plan Description. The St. Charles Parish Clerk of Court's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Employees are covered by the Louisiana Clerks' of Court Retirement and Relief Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: completion of 25 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Based on historical experience, most employees wait until 25 years of service or until age 60 to enter D.R.O.P.

Dental insurance coverage is provided to retirees and the dental portion is included with the medical insurance in this valuation. The employer pays 100% of the cost of the dental insurance for the retirees and 50% for dependents. We have used the unblended rates provided and included the

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

dental premiums in the medical portion of the valuation. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

Life insurance coverage is provided to retirees. The amount of insurance coverage, while active, is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70. The employer pays 100% of the cost of the retiree life insurance, but the cost is based on modified blended active/retired rates based on five-year age groups. Since GASB Codification Section P50 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates by individual age so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Contribution Rates. Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, the St. Charles Parish Clerk of Court recognized the cost of providing post-employment medical and life insurance benefits (the St. Charles Parish Clerk of Court's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the St. Charles Parish Clerk of Court's portion of health care and life insurance funding cost for retired employees totaled \$69,840 and \$64,667, respectively.

Effective July 1, 2009, the St. Charles Parish Clerk of Court implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The St. Charles Parish Clerk of Court's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 168,686	\$ 162,198
30-year UAL amortization amount	203,343	195,552
Annual required contribution (ARC)	\$ 372,029	\$ 357,750

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Net Post-employment Benefit Obligation (Asset). The table below shows the St. Charles Parish Clerk of Court's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ended June 30:

	2017	2016
Beginning net OPEB obligation	\$ 1,292,645	\$ 1,017,738
Annual required contribution	372,029	357,720
Interest on net OPEB obligation	51,706	40,710
ARC Adjustment	(74,754)	(58,856)
OPEB Cost	348,981	339,574
Contribution to Irrevocable Trust	-	-
Current year retiree premium	(69,840)	(64,667)
Change in net OPEB obligation	279,140	274,907
Ending net OPEB obligation	\$ 1,571,786	\$ 1,292,645

The following table shows the St. Charles Parish Clerk of Court's annual other post-employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post-employment benefits (OPEB) liability:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
June 30, 2017	\$ 348,981	20.01%	\$1,571,786
June 30, 2016	\$ 339,574	19.04%	\$ 1,292,644

Funded Status and Funding Progress. In 2017 and 2016, the St. Charles Parish Clerk of Court made no contributions to its post-employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2015 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$3,656,852 which is defined as that portion, as determined by a particular actuarial cost method (the St. Charles Parish Clerk of Court uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost.

<i>June 30,</i>	2017	2016
Actuarial accrued liability (AAL)	\$ 3,656,852	\$ 3,516,204
Actuarial value of plan assets (AVP)	-	-
Unfunded act. accrued liability (UAAL)	\$ 3,656,852	\$ 3,516,204
Funded ratio (AVP/AAL)	0.00%	0.00%
Covered payroll (active plan members)	\$ 1,053,709	\$ 1,076,394
UAAL as a percentage of covered payroll	347.05%	326.67%

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the St. Charles Parish Clerk of Court and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the St. Charles Parish Clerk of Court and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the St. Charles Parish Clerk of Court and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 3%.

Post-employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after they have been assumed to enter the D.R.O.P., as described above under "Plan Description". Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan

St. Charles Parish Clerk of Court Notes to Financial Statements

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical and dental for the retirees and 50% for dependents. Since blended rates (active and retired) were provided before Medicare eligibility, the unblended rates were estimated and were used pursuant to GASB Codification Section P50's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate. The post-Medicare rates provided were unblended and used as is.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 6: OTHER POST EMPLOYMENT BENEFIT PLAN (CONTINUED)

Below is a summary of OPEB cost and contributions for the last three fiscal years:

<i>June 30,</i>	OPEB Costs and Contributions		
	2015	2016	2017
OPEB cost	\$ 307,507	\$ 339,574	\$ 348,981
Contribution	-	-	-
Retiree premium	43,907	64,667	69,840
Total contribution and premium	43,907	64,667	69,840
Change in net OPEB obligation	\$ 263,600	\$ 274,907	\$ 279,141
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	14.28%	19.04%	20.01%

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of long-term liabilities of the Clerk of Court for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due within one year
Compensated absences	\$ 18,441	\$ 41,256	\$ (38,063)	\$ 21,634	\$ 5,625
Net pension liability	1,718,483	463,184	-	2,181,667	-
Net OPEB obligation	1,292,645	348,981	(69,840)	1,571,786	-
Total long-term liabilities	\$ 3,029,569	\$ 853,421	\$ (107,903)	\$ 3,775,087	\$ 5,625

NOTE 8: DEFERRED COMPENSATION PLAN

Starting in October 1999, the Clerk of Court employees had the option of becoming participants in the State of Louisiana Deferred Compensation Plan. This Plan was established pursuant to IRC Section 457 and Louisiana R.S. 42:1301-1308. The Plan provides state, parish, and municipal employees with the opportunity to invest money on a before-tax basis, using payroll deduction. Participants defer federal or state income tax on their contributions. In addition, interest or earnings on the participant's account accumulate tax-deferred.

**St. Charles Parish Clerk of Court
Notes to Financial Statements**

NOTE 8: DEFERRED COMPENSATION PLAN (CONTINUED)

Participants can contribute up to a maximum of 100% of compensation, not to exceed \$18,000 beginning in the 2015 calendar year. Additionally, if age 50 or older, participants may elect the Age 50+ provision to defer an additional \$6,000 beginning in 2015 above the annual deferral limit.

The Clerk of Court agreed to match each participant's contribution up to a maximum of 6% for the year ended June 30, 2017. Total contributions made by the Clerk of Court on behalf of the employees for the year ended June 30, 2017 were \$45,787. Withdrawals from the plan occur at retirement, separation from service, death, or proven financial hardship (unforeseeable emergency as defined by the Plan).

NOTE 9: INTERFUND ASSETS/LIABILITIES

The balances due to/from individual funds are as follows:

June 30,	2017
General Fund	
Due from Advance Deposit Fund	\$ 1,360
Due to Registry Fund	(253)
Advanced Deposit Fund	
Due to General Fund	\$ (1,360)
Registry Fund	
Due from General Fund	\$ 253

NOTE 10: EXPENDITURES PAID BY ST. CHARLES PARISH COUNCIL

The Clerk of Court's office is located in the Parish courthouse. The expenditures for maintenance and operation of the Parish courthouse and Clerk of Court's office are paid by the St. Charles Parish Council and are not included in the accompanying financial statements. For the year ended June 30, 2017, the amount of these expenditures paid by the Parish Council was \$64,767 for professional services, \$18,611 for non-consumable office supplies, and \$9,867 for office equipment.



**Required Supplementary
Information (Part II)**

St. Charles Parish Clerk of Court
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund Budget and Actual
For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Fees, charges and commissions:				
Court costs, fees and charges	\$ 1,253,300	\$ 1,311,500	\$ 1,220,548	\$ (90,952)
Fees for recording legal documents	623,100	631,700	577,402	(54,298)
Fees for certified copies	177,500	174,900	196,714	21,814
Subscriptions	-	-	127,339	127,339
Other income	42,500	43,500	45,695	2,195
Interest	5,000	3,500	3,587	87
Total Revenues	2,101,400	2,165,100	2,171,285	6,185
Expenditures				
Current:				
General government:				
Personnel services and related benefits	1,672,914	1,712,400	1,738,942	(26,542)
Operating services	333,375	276,715	225,273	51,442
Materials and supplies	88,500	61,250	60,981	269
Professional Fees	34,100	59,370	73,518	(14,148)
Other	-	500	16,655	(16,155)
Capital outlay	-	-	-	-
Total Expenditures	2,128,889	2,110,235	2,115,369	(5,134)
Net Change in Fund Balance	(27,489)	54,865	55,916	1,051
Fund Balances, Beginning of Year	25,842	25,842	15,584	(10,258)
Fund Balances, End of Year	\$ (1,647)	\$ 80,707	\$ 71,500	\$ (9,207)

The accompanying notes are an integral part of the required supplementary information.

**St. Charles Parish Clerk of Court
Schedule of Funding Progress
Other Postemployment Benefits**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAAL as Percentage Covered Payroll
7/1/2009	-	\$ 1,329,993	\$ 1,329,993	-	\$ 836,490	159.0%
7/1/2012	-	3,042,656	3,042,656	-	1,078,679	282.1%
7/1/2015	-	3,516,204	3,516,204	-	1,076,394	326.7%

The accompanying notes are an integral part of the required supplementary information.

St. Charles Parish Clerk of Court
Schedule of Proportionate Share of Net Pension Liability
for Clerk of Courts' Retirement and Relief Fund
Last Three Fiscal Years

For the Year Ended June 30,	Clerk of Court's proportion of the net pension liability (asset)	Clerk of Court's proportionate share of the net pension liability (asset)	Clerk of Court's covered-employee payroll	Clerk of Court's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	1.179296%	\$ 2,181,667	\$ 1,076,394	202.68%	74.17%
2016	1.145631%	1,718,483	1,036,731	165.76%	78.13%
2015	1.312241%	1,770,032	851,075	207.98%	79.37%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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

The accompanying notes are an integral part of the required supplementary information.

St. Charles Parish Clerk of Court
Schedule of Employer Contributions to Clerk of Courts'
Retirement and Relief Fund
Last Three Fiscal Years

For the Year Ended June 30,	(a) Statutorily Required Contribution	(b) Contributions in relation to the statutorily required contribution	(a-b) Contribution Deficiency (Excess)	Clerk of Court's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2017	\$ 199,625	\$ 199,625	\$ -	\$ 1,050,656	19.00%
2016	204,160	204,160	-	1,076,394	19.00%
2015	196,911	196,911	-	1,036,731	19.00%

*Amounts presented were determined as of the measurement date (previous fiscal year end).

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



**St. Charles Parish Clerk of Court
Notes to Required Supplementary Information**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Budgets for the General Fund are legally adopted by the Clerk of Court on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2: NET PENSION LIABILITY

Changes of Assumptions

The valuation interest rate was reduced from 7.25% to 7.00%, and the inflation rate was reduced from 2.75% to 2.5% for the year ended June 30, 2014 valuation. In addition, technical changes were made to the software modeling of plan benefits. There were no changes in assumption for the years ended June 30, 2015, 2016, and 2017 valuations.



**Other Supplementary
Information**



St. Charles Parish Clerk of Court Fiduciary Fund Type Descriptions

Agency Funds

Advance Deposit Fund - accounts for advance deposits on suits filed by litigants.

Registry of the Court Fund - accounts for funds which have been ordered by the court to be held until judgment has been rendered in court litigation.

St. Charles Parish Clerk of Court
Combining Statement of Changes in
Assets and Liabilities- Agency Funds
For the Year Ended June 30, 2017

	June 30, 2016	Additions	Deductions	June 30, 2017
Advanced Deposit Fund:				
Assets				
Cash and cash equivalents	\$ 796,328	\$ 1,221,330	\$ 1,223,552	\$ 794,106
Certificates of deposit	495,002	75,000	-	570,002
Due from General Fund	84,337	-	84,337	-
Total assets	\$ 1,375,667	\$ 1,296,330	\$ 1,307,889	\$ 1,364,108
Liabilities				
Due to litigants and others	\$ 1,374,722	\$ 1,211,489	\$ 1,223,463	\$ 1,362,748
Due to General Fund	945	493	78	1,360
Total liabilities	\$ 1,375,667	\$ 1,211,982	\$ 1,223,541	\$ 1,364,108
Registry of Court				
Assets				
Cash and cash equivalents	\$ 918,497	\$ 368,640	\$ 292,710	\$ 994,427
Certificates of deposit	2,535,250	1,422	18,986	2,517,686
Due from General Fund	117	136	-	253
Total assets	\$ 3,453,864	\$ 370,198	\$ 311,696	\$ 3,512,366
Liabilities				
Due to litigants and others	\$ 3,453,864	\$ 351,083	\$ 292,581	\$ 3,512,366
Total liabilities	\$ 3,453,864	\$ 351,083	\$ 292,581	\$ 3,512,366
Total Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,714,825	\$ 1,589,970	\$ 1,516,262	\$ 1,788,533
Certificates of deposit	3,030,252	76,422	18,986	3,087,688
Due from General Fund	84,454	136	84,337	253
Total assets	\$ 4,829,531	\$ 1,666,528	\$ 1,619,585	\$ 4,876,474
Liabilities				
Due to litigants and others	\$ 4,828,586	\$ 1,562,572	\$ 1,516,044	\$ 4,875,114
Due to General Fund	945	493	78	1,360
Total liabilities	\$ 4,829,531	\$ 1,563,065	\$ 1,516,122	\$ 4,876,474

St. Charles Parish Clerk of Court
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2017

Agency Head Name: Lance Marino, Clerk of Court

PURPOSE	Amount
Salary	\$ 160,019
Benefits-health insurance	16,462
Benefits-retirement	43,485
Deferred compensation	-
Workers' compensation	-
Benefits-life insurance	-
Benefits-long term disability	648
Benefits-FICA & Medicare	2,321
Car allowance	19,635
Vehicle provided by government	-
Cell phone	1,545
Dues	-
Vehicle repairs	3,205
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	3,165
Unvouchered expenses	-
Meetings & conventions	-
Other	215



**Reports Required by
*Government Auditing Standards***

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Lance Marino
St. Charles Parish Clerk of Court
Hahnville, 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, the major fund, and the aggregate remaining fund information of the St. Charles Parish Clerk of Court (the "Clerk of Court"), as of and for the year ended June 30, 2017, 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 November 28, 2017.

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 opinions 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 Clerk of Court'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, 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.

During our audit, we did not identify any deficiencies in internal control that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk of Court's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk of Court'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 Clerk of Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

December 19, 2017

SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the St. Charles Parish Clerk of Court (the "Clerk of Court").
2. No deficiencies in internal control over financial reporting are reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Clerk of Court, which is required to be reported in accordance with *Governmental Auditing Standards*, was disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2017.

**St. Charles Parish Clerk of Court
Summary Schedule of Prior Audit Findings**

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INTERNAL CONTROL

2016-001 Non-Return of Cash Deposits

Condition: Governmental agencies must follow Louisiana Revised Statutes.

Status: Resolved



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Lance Marino
St. Charles Parish Clerk of Court
Hahnville, Louisiana

We have performed the procedures enumerated below, which were agreed to by the St. Charles Parish Clerk of Court (the "Clerk of Court") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2016 through June 30, 2017. The Clerk of Court is responsible for those C/C areas identified in the SAUPs. Consequently, we make no representation regarding the sufficiency of the procedures below either for the purpose for which this report has been request or for any other purpose.

The procedures and associated findings are as follows:

PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

Written Policies and Procedures

1. We obtained the entity's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts**, including receiving, recording, and preparing deposit
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
Note: Ethics requirements are not applicable to nonprofits.

Results: We noted that St. Charles Clerk of Court does not have written policies addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursement, or ethics.

Board (or Finance Committee, if applicable)

- 2. We obtained and reviewed the board/committee minutes for the fiscal period, and:
 - a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - 1) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: We noted that St. Charles Clerk of Court does not have a board/committee; therefore, these procedures are not applicable.

Bank Reconciliations

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, we selected all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: We noted bank reconciliations for all months for all accounts during the fiscal period. We selected 3 accounts to test, noting that bank reconciliations included evidence that a member of management reviewed each and had researched reconciling items that had been outstanding for more than 6 months. No exceptions noted.

Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, we selected all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:
 - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers,

by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - 1) Using entity collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.
 - 2) Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and reported any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: We noted that 16 of the 36 receipts tested were not deposited within 1 day of receipt. We noted that deposits are made every Tuesday and Friday and that non-online deposits were made in accordance with that schedule. Of the 16 selections that were not deposited within 1 day, 9 were made within 3 days and 7 were made within 7 days. We note that employees that handle cash are not bonded per discussion with management, but that the Clerk has an insurance policy that covers employee theft up to \$1,000,000. We consider this sufficient and a mitigating control in lieu of having employees who receive cash be bonded.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

- 8. We obtained a listing of entity disbursements from management or, alternately, obtained the general ledger and sorted/filtered for entity disbursements. We obtained management's representation that the listing or general ledger population is complete.
- 9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed entity documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

Results: We noted out of the 25 selections we tested, all disbursements are approved informally by Lance Marino, Clerk of Court, but there is not a purchase order or documentation of approval and initiation of disbursements. However, the checks for these disbursements are required to be signed by the Clerk and we noted no instances where they were not. We conclude that the supply of unused checks is maintained in a locked location in Lance Marino's office, with access restricted to those persons that do not have signatory authority. No signature stamp or machine is used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained

possession of the cards. We obtained management's representation that the listing is complete.

15. Using the listing prepared by management, we selected the one card that was used during the fiscal period.

We obtained the monthly statements for the selected card. We selected the monthly statement or combined statement with the largest dollar activity (for a debit card, we selected the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) We reported whether finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions.

- a) For each transaction, we reported whether the transaction is supported by:
 - 1) An original itemized receipt (i.e., identifies precisely what was purchased)
 - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
- c) For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions.

Results: We noted one debit card and selected the month with the largest dollar activity. We noted no exceptions in our procedures.

Travel and Expense Reimbursement

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.
18. We obtained the entity's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
 - b) We reported whether each expense is supported by:
 - 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
 - c) We compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
 - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted that each expense and related documentation was reviewed and approved. No exceptions noted in our procedures.

Contracts

20. We obtain a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected the two contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - 1) If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - 2) If no, we obtained supporting contract documentation and reported whether the entity solicited quotes as a best practice.
 - c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) We selected the largest payment from each of the contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: We noted that each expense and the related documentation for the two contracts were reviewed and approved. No exceptions noted in our procedures.

Payroll and Personnel

22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management’s representation that the listing is complete. We randomly select 5 employees/officials, obtained their personnel files, and:
- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
23. We obtained attendance and leave records and randomly select one pay period in which leave was been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials, and:
- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Reported whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management’s representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: We noted that 9 out of the 25 employees tested had no supervisory approval on the “Paid Time Off (“PTO”) Request” Form. We noted that 2 out of the 25 tested had no request form completed for time off taken during the pay period. No termination payments were noted in the fiscal period. All employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

Ethics

26. Using the 5 randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management and reported whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. We inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, we reviewed documentation that demonstrated whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: We obtained proper ethics compliance documentation for the 5 employees selected. We inquired of management and concluded that no alleged ethics violations were reported during the fiscal period. No exceptions noted.

Other

28. We inquired of management whether the entity had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
29. We observe and reported whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
30. If we observed or otherwise identified any exceptions regarding management’s representations in the procedures above, we reported the nature of each exception.

Results: We inquired of management and noted no misappropriations of public funds or assets. We observed the notice as required by R.S. 24:523.1 posted at the Clerk of Court’s location and on the Parish’s website. No exceptions noted.

EXCEPTIONS:

Procedure #1 - Written Policies:

We noted that St. Charles Clerk of Court does not have written policies addressing budgeting, purchasing, disbursements, receipts, payroll/personnel, contracting, credit cards, travel and expense reimbursement, or ethics.

Management's Response:

The Clerk agrees with the finding, and has begun the process to develop and implement formal policies for the above noted areas.

Procedure #6 - Collections:

We noted that 16 of the 36 receipts tested were not deposited within 1 day of receipt. Of the 16 selections that were not deposited within 1 day, 9 were made within 3 days and 7 were made within 7 days. We noted that deposits are made every Tuesday and Friday and that non-online deposits were made in accordance with that schedule.

Management's Response:

The Clerk agrees that deposits are not always made within 1 day of receipt. However, their policy is to make bank deposits on Tuesdays and Fridays, as it would not be cost effective to make daily deposits.

Procedure #9 - Disbursements:

We noted all disbursements are approved informally by Lance Marino, Clerk of Court, but there is not a purchase order or documentation of approval and initiation of disbursements. However, the checks for these disbursements are required to be signed by the Clerk and we noted no instances where they were not. CRI concludes that the supply of unused checks is maintained in a locked location in Lance Marino's office, with access restricted to those persons that do not have signatory authority. No signature stamp or machine is used.

Management's Response:

The Clerk agrees with the above finding, and will look into the cost effectiveness of implementing a purchase order system for disbursements. The Clerk will continue their policy of requiring the Clerk to sign each check, and therefore approve, all disbursements.

Procedure #23 - Payroll:

We noted that 9 out of the 25 employees tested had no supervisory approval on the "Paid Time Off ("PTO") Request" Form. We noted that 2 out of the 25 tested had no request form completed for time off taken during the pay period.

Management's Response:

The Clerk agrees with the finding regarding payroll, and will require request forms with proper supervisory approval documented for any PTO used by employees.

This agreed-upon procedures engagement was performed in accordance with the attestation standard established by the American Institute of Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representations regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the St. Charles Parish Clerk of Court and the LLA, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Cary Riggs & Ingram, L.L.C.

December 19, 2017