

R E P O R T

ST. TAMMANY PARISH CLERK OF COURT

JUNE 30, 2018

ST. TAMMANY PARISH CLERK OF COURT

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# Duplantier Hrapmann Hogan & Maher, LLP

## INDEPENDENT AUDITOR'S REPORT

December 21, 2018

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To the Honorable Melissa Henry  
St. Tammany Parish Clerk of Court  
Covington, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the St. Tammany Parish Clerk of Court (Clerk) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements as listed in the index to the report.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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 St. Tammany Parish Clerk of Court as of June 30, 2018, 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.

## **Emphasis of Matter – Change in Accounting Principle**

As disclosed in Note 13, the Clerk adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard required the Clerk to record its OPEB liability related to its participation in a single-employer defined benefit OPEB plan based on certain methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. As a result of the adoption of the new accounting standard, the Clerk's beginning net position reported on the government-wide financial statements decreased by \$7,694,801, and the beginning OPEB liability reported on the government-wide financial statements increased by \$7,694,801. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplementary information as listed in the index to the report 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 an opinion on the financial statements that collectively comprise the Clerk's basic financial statements. The other supplementary information as listed in the index to the report is presented for purpose of additional analysis and is not a required part of the financial statements. These other supplementary schedules are the responsibility of management and were derived from and relates 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 other supplementary information as listed in the index is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2018 on our consideration of the Clerk's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Clerk's internal control over financial reporting and compliance.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

The management's discussion and analysis of the St. Tammany Parish Clerk of Court's (the Clerk) financial performance provides an overview and analysis of the Clerk's financial activities for the year ended June 30, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the audited financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- Total program revenues of the Clerk were \$11,991,072 which was an increase of \$1,927,225, or 19.15%, as compared to the prior year. The most significant revenue sources were increases in revenues from recording fees, cancellation fees, advanced deposit fees, and investment interest.
- Total program expenses of the Clerk were \$12,347,505, which was an increase of \$1,774,940, or 16.79%, as compared to the prior year. This increase is primarily due to an increase in group insurance benefits for employees and retirees, permanent recordation expenses for scanning records, and computer equipment and programming expenses.
- The Clerk's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$15,525,432.
- Net position had a deficit balance in the amount of \$15,525,432. The increase in the deficit balance is mainly due to the implementation of GASB 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions*. As a result of this implementation, beginning net position decreased by \$7,700,588. See Notes 7 and 13 for further details.
- The fund balance on the fund financial statements had a positive balance in the amount of \$5,046,645. See page 7 for further details.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four sections: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information. Management's discussion and analysis is intended to serve as an introduction to the Clerk's basic financial statements. The basic financial statements consist of the government-wide financial statements, the fund financial statements, and the notes to the financial statements. This report also contains additional information to supplement the basic financial information, such as required supplementary information and other supplementary information.

### Government-Wide Financial Statements

The government-wide financial statements are designed to present the financial operations of the Clerk as a whole. The Statement of Net Position presents information on the Clerk's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

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

position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Clerk is improving or weakening.

The Statement of Activities presents information showing how the Clerk's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. As a result, transactions may be included that will not affect cash until future fiscal periods.

**Fund Financial Statements**

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Clerk uses fund accounting to ensure and demonstrate compliance with finance-related laws and regulations. The Clerk uses two categories of funds to account for financial transactions, governmental funds and fiduciary funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances available for spending at year-end. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Clerk's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Clerk's programs. The Clerk has only one governmental fund - the General Fund, which is used to account for the Clerk's basic services.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader insight on the long-term impact of the Clerk's more immediate decisions on the current use of financial resources. The governmental fund column of the fund financial statements requires and includes a reconciliation following the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The only type of fiduciary funds accounted for by the Clerk is "agency" funds. Agency funds are custodial in nature and represent assets held by the Clerk as an agent for litigants pending court action. Under applicable standards of GASB Statement No. 34, agency funds are not included in the government-wide financial statements. These activities are excluded from the Clerk's other financial statements because these assets are not available to finance operations. The Clerk is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These funds are for unsettled deposits.

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

**Notes to the Financial Statements**

The notes to the financial statements follow the audited financial statements and 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 concerning the Clerk's general fund budgetary comparison to actual, its funding progress for its obligations to provide other postemployment benefits, the Clerk's proportionate share of net pension liability and the Clerk's contributions to the Louisiana Clerks' of Court Retirement and Relief Fund.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The following is condensed Statements of Net Position:

Condensed Statements of Net Position  
June 30, 2018 and 2017

	<u>2018</u>	<u>Restated 2017</u>	<u>Change</u>	<u>Percentage Change</u>
<b>ASSETS:</b>				
Current and other assets	\$ 5,360,539	\$ 4,891,761	\$ 468,778	9.58%
Capital assets, net	113,441	94,807	18,634	19.65%
Total assets	<u>5,473,980</u>	<u>4,986,568</u>	<u>487,412</u>	9.77%
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,785,671</u>	<u>3,427,162</u>	<u>(1,641,491)</u>	-47.90%
<b>LIABILITIES:</b>				
Current liabilities	179,875	151,348	28,527	18.85%
Long-term liabilities	21,547,315	23,001,226	(1,453,911)	-6.32%
Total liabilities	<u>21,727,190</u>	<u>23,152,574</u>	<u>(1,425,384)</u>	-6.16%
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,057,893</u>	<u>656,545</u>	<u>401,348</u>	61.13%
<b>NET POSITION:</b>				
Net investment in capital assets	113,441	94,807	18,634	19.65%
Unrestricted net position (deficit)	<u>(15,638,873)</u>	<u>(15,490,196)</u>	<u>(148,677)</u>	0.96%
Total net position (deficit)	<u>\$ (15,525,432)</u>	<u>\$ (15,395,389)</u>	<u>\$ (130,043)</u>	0.84%

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

**GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)**

The following is condensed Statements of Activities:

Condensed Statements of Activities  
For the Years Ended June 30, 2018 and 2017

	2018	2017	Change	Percentage Change
Program Revenues:				
Charges for services	\$ 11,412,714	\$ 9,483,494	\$ 1,929,220	20.34%
Operating grants and contributions	578,358	580,351	(1,993)	-0.34%
Total program revenues	<u>11,991,072</u>	<u>10,063,845</u>	<u>1,927,227</u>	19.15%
General Revenues:				
Other revenues	96,042	100,663	(4,621)	-4.59%
Interest earnings	130,348	57,195	73,153	127.90%
Total general revenues	<u>226,390</u>	<u>157,858</u>	<u>68,532</u>	43.41%
Total revenues	<u>12,217,462</u>	<u>10,221,703</u>	<u>1,995,759</u>	19.52%
Function /Program Expenses:				
Administration	2,062,537	1,525,777	536,760	35.18%
Recordings and filings	1,517,368	1,232,311	285,057	23.13%
Mortgage certificates	1,172,123	1,482,609	(310,486)	-20.94%
Civil suits and probates	4,556,780	3,772,374	784,406	20.79%
Criminal suits and minutes	2,782,980	2,213,911	569,069	25.70%
Elections	255,717	345,583	(89,866)	-26.00%
Total program expenses	<u>12,347,505</u>	<u>10,572,565</u>	<u>1,774,940</u>	16.79%
Change in net position	<u>\$ (130,043)</u>	<u>\$ (350,862)</u>	<u>\$ 220,819</u>	

**FUND FINANCIAL STATEMENTS ANALYSIS**

**Governmental Funds**

The Clerk maintains only one governmental fund, the General Fund. For the year June 30, 2018, the General Fund reported a fund balance of \$5,046,645. The fund balance increased by \$306,232 as compared to prior year. The increase was mainly due to an increase in revenues generated from court cost fees and fees for recording legal documents.

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

**ANALYSIS OF BUDGET VARIATIONS IN THE GENERAL FUND**

Actual revenues were greater than budgeted revenues by 2.28% and actual expenditures were less than budgeted expenditures by 0.41%.

The variations from the budgeted revenues and expenditures for the general fund were as follows:

- Revenues were greater than the budget by \$259,877 due to an increase in recording revenue, an increase in the number of civil suit filings, and an increase in interest rates.
  
- Expenditures were less than the budget by \$46,355.

**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

**Capital Assets at Year-End**

Capital assets, totaling \$113,441, represent the investment in computers, furniture and equipment. This balance is \$18,634, or 19.65%, more than last year and is primarily due to current year depreciation and additions.

**Net Pension Liability**

At June 30, 2018, the Clerk reported \$8,176,785 for its proportionate share of net pension liability, \$1,785,671 for deferred outflows of resources and \$601,863 for deferred inflows of resources. See Note 6 to the basic financial statements for further discussion of the pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources.

**Other Postemployment Benefits Liability**

At June 30, 2018, the Clerk reported other postemployment benefits liability in the amount of \$13,236,511. As of July 1, 2017, the Clerk implemented GASB 75, *Accounting and Reporting for Postemployment Benefits Other than Pensions* (OPEB). As a result of this implementation, OPEB liability as of the beginning of the year increased \$7,700,588. See Notes 7 and 13 to the basic financial statements for further details on other postemployment benefits liability.

ST. TAMMANY PARISH CLERK OF COURT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

A review of the number of documents filed for this fiscal year in the Recording Department indicates that 47,668 land documents were recorded. This number of recordings has increased by 14% from the number of land documents that were recorded in fiscal year ending June 30, 2017.

The number of civil suit filings in this fiscal year was 10,066. This represents an increase of 611 civil suit filings, in comparison to the number of civil suit filings last fiscal year.

Revenue for recording portal fees, cancellation fees, and passport fees has remained strong.

Investment income has increased due to increased interest rates.

In conclusion, the Clerk's office provides a wide range of services to the public and anticipates that it will be able to operate within the operating budget for the fiscal year 2018-2019.

The Clerk will continue to monitor the budgeted expenses and purchasing activity closely. The bidding and proposal process will continue to be utilized to obtain the best prices for services and supplies. These practices will allow the Clerk to provide excellent customer service to the public while remaining committed to offering employees a competitive salary and benefit package.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the St. Tammany Parish Clerk of Court's finances. Questions concerning this report or the need for additional information should be directed to the Honorable Melissa Henry, Clerk of Court, St. Tammany Parish, P.O. Box 1090, Covington, LA 70434.

ST. TAMMANY PARISH CLERK OF COURT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,452,694
Investments	2,400,000
Receivables	81,103
Prepaid items	426,742
Capital assets, net of accumulated depreciation	<u>113,441</u>
Total assets	<u><u>5,473,980</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pensions	<u>1,785,671</u>
Total deferred outflows of resources	<u><u>1,785,671</u></u>
<b>LIABILITIES:</b>	
Accounts Payable and other accrued liabilities	179,875
Unearned revenue	134,019
Net pension liability	8,176,785
Other postemployment benefits	<u>13,236,511</u>
Total liabilities	<u><u>21,727,190</u></u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to pensions	601,863
Deferred inflows related to other postemployment benefits	<u>456,030</u>
Total deferred inflows of resources	<u><u>1,057,893</u></u>
<b>NET POSITION:</b>	
Net investment in capital assets	113,441
Unrestricted (deficit)	<u>(15,638,873)</u>
Total net position (deficit)	<u><u>\$ (15,525,432)</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
Governmental Activities:				
Administration	\$ 2,062,537	\$ -	\$ 74,054	\$ (1,988,483)
Recordings and filings	1,517,368	1,726,678	84,048	293,358
Mortgage certificates	1,172,123	1,333,809	56,216	217,902
Civil suits and probates	4,556,780	5,185,355	213,788	842,363
Criminal suits and minutes	2,782,980	3,166,872	135,236	519,128
Elections	255,717	-	15,016	(240,701)
Total Governmental Activities	\$ 12,347,505	\$ 11,412,714	\$ 578,358	(356,433)
General Revenues:				
Interest income				130,348
Other				96,042
Total general revenues				226,390
Change in net position				(130,043)
Net position (deficit) - beginning of year, as previously reported				(7,700,588)
Effect of change in accounting principle				(7,694,801)
Net position (deficit) - end of year				\$ (15,525,432)

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2018

	<u>General Fund</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 2,452,694
Investments	2,400,000
Receivables	1,730
Interfund receivable	79,373
Prepaid items	426,742
TOTAL ASSETS	<u><u>\$ 5,360,539</u></u>
 <b>LIABILITIES:</b>	
Accounts payable	\$ 179,875
Unearned revenue	134,019
Total liabilities	<u>313,894</u>
 <b>FUND BALANCE:</b>	
Nonspendable prepaid items	426,742
Committed for technology	1,625,578
Unassigned	2,994,325
Total fund balance	<u><u>5,046,645</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 5,360,539</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 2018

Total governmental fund balance \$ 5,046,645

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. 113,441

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund as follows:

Net pension liability (8,176,785)  
Other postemployment benefits payable (13,236,511)

Pension and other postemployment benefits related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year; and, therefore, are not reported in the governmental fund as follows:

Deferred outflows of resources 1,785,671  
Deferred inflows of resources (1,057,893)

Net position (deficit), as reflected on the Statement of Net Position \$ (15,525,432)

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
 GOVERNMENT FUND STATEMENT OF  
 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>
REVENUES:	
Fees, charges, and commissions for services:	
Court costs, fees, and charges	\$ 5,095,105
Fees for recording legal documents	5,444,692
Fees for certified copies	222,759
Interest income	130,348
Internet income	650,158
Other	96,042
Total revenues	<u>11,639,104</u>
EXPENDITURES:	
Current:	
Administration	321,704
Recordings and filings	1,389,579
Mortgage certificates	1,072,823
Civil suits and probates	4,182,374
Criminal suits and minutes	2,554,318
Elections	234,706
Information technology	535,599
Finance	213,147
Human resources	349,652
Records management	115,134
Purchasing	77,767
Retirees	224,066
Capital outlay	62,003
Total expenditures	<u>11,332,872</u>
Excess of revenues over expenditures	<u>306,232</u>
Fund balance, beginning of the year	<u>4,740,413</u>
FUND BALANCE, END OF THE YEAR	<u><u>\$ 5,046,645</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balance - governmental fund \$ 306,232

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

The governmental fund reports 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:

Capital outlay	62,003
Depreciation expense	(43,369)

Changes in the Clerk's other postemployment benefits liability, deferred outflows of resources, and deferred inflows of resources related to the other postemployment benefits not reported in the governmental funds but are reported on the Statement of Activities.	(926,773)
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Changes in the Clerk's proportionate share of net pension liability, deferred outflows of resources, and deferred inflows of resources related to the pension plan not reported in the governmental funds but are reported on the Statement of Activities.	<u>471,864</u>
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Change in net position, as reflected on the Statement of Activities	<u><u>\$ (130,043)</u></u>
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2018

	Agency Funds		Total Agency Funds
	Advance Deposit Fund	Registry of Court Fund	
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 4,220,456	\$ 8,191,022	\$ 12,411,478
Investments	3,100,000	-	3,100,000
<b>TOTAL ASSETS</b>	<b>\$ 7,320,456</b>	<b>\$ 8,191,022</b>	<b>\$ 15,511,478</b>
<b>LIABILITIES:</b>			
Unsettled deposits	\$ 7,241,083	\$ 8,191,022	\$ 15,432,105
Due to Clerk	79,373	-	79,373
<b>TOTAL LIABILITIES</b>	<b>\$ 7,320,456</b>	<b>\$ 8,191,022</b>	<b>\$ 15,511,478</b>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the St. Tammany Parish Clerk of Court (the Clerk) serves as the ex-officio notary public, the recorder of conveyances, mortgages and other acts, and has other duties and powers provided by law. The Clerk is elected for a four-year term. The Clerk is solely responsible for the operations of her office, which include the hiring or retention of employees, budgeting and the receipt and disbursement of funds. Accordingly, the Clerk is fiscally independent and a separate reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Presentation:

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

Financial Reporting Entity:

For financial reporting purposes, the Clerk includes all funds, account groups, and activities that are within the oversight responsibility of the Clerk as an independently elected parish official.

Government-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Clerk except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The government-wide financial statements are reported on the full accrual basis of accounting and the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Financial Statements:

Government fund financial statements are accounted for using the modified accrual basis of accounting and a current financial resources measurement focus. Revenues are recognized when they become 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 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 under accrual accounting. However, compensated absences, pension liability, and other postemployment benefits are recorded when paid.

Fees and charges for services, interest earnings and other revenues of the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Clerk.

The fund financial statements of the Clerk consist of one major governmental fund and a fiduciary fund as follows:

General Fund:

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

Fiduciary Fund:

The fiduciary fund accounts for two agency funds, the advance deposit fund and the registry of court fund. Agency funds account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations. The Advance Deposit Fund, as provided by Louisiana Revised Statute 13:842, is used to account for advance deposits in suits filed by litigants. The advances are refunded to the litigants after all costs are paid. The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, is used to account for funds held by order of the court until judgment is rendered by the judiciary. Withdrawals of funds can be made only upon order of the court.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Financial Statements: (Continued)

Budget and Budgetary Accounting:

Formal budget integration is employed as a management control device during the year for the General Fund. The budget is prepared on the modified accrual basis of accounting, consistent with the basis of accounting for comparability of budgeted and actual revenue and expenditures. Budgets amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The proposed budget for the 2018 fiscal year was published in the official journal and made available for public inspection at the Clerk's office on June 1, 2017. The budget hearing was held at the Clerk's office on June 21, 2017. The budget is legally adopted and amended, as necessary, by the Clerk. All appropriations lapse at year-end.

Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include amounts in demand deposits, interest bearing demand deposit, money market-like investment pools, and certificates of deposit with original maturities of three months or less from the date of acquisition.

State law allows investments in direct United States Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book entry only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana; certain mutual or trust fund institutions; certain guaranteed investment contracts; and investment grade commercial paper of domestic U.S. corporations. In addition, the Clerk may invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation organized under the laws of the State of Louisiana.

It is the Clerk's policy to invest in certificates of deposit and LAMP. Investments are stated at fair value based on quoted market prices.

Capital Assets:

Capital assets are reported in the government-wide financial statements and are valued at historical cost, estimated cost or fair value if donated. The Clerk maintains a threshold level of \$2,500 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 life of the asset are not capitalized. All capital assets are depreciated using the straight-line method over useful lives ranging from five to twelve years.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Deferred Outflows and Inflows of Resources:

*Deferred outflows of resources* represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that future time.

*Deferred inflows of resources* represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that future time.

Compensated Absences:

Employees accrue vacation leave at a rate of 10 to 20 days per year, according to the years of service with the Clerk's office. Employees accrue sick leave at a rate of 6 to 12 days per year, according to years of service with the Clerk's office. Employees are not allowed to carry forward any unused sick leave from the year. Any unused time will be forfeited at the end of the fiscal year. Upon termination, or at retirement, employees are paid for all unused vacation leave. At retirement, employees who are eligible for enrolling in the Louisiana Clerks' of Court Retirement and Relief Fund are paid for unused sick leave up to a maximum of 20 days.

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as a liability in the Statement of Net Position. There was no liability reported as of June 30, 2018.

Fund Balance:

The Clerk has the highest level of decision-making authority for her agency and can establish, modify, or rescind a fund balance commitment. For assigned fund balance, the Clerk authorizes management to assign amounts for specific purpose. For the governmental fund financial statements, fund balance is classified in the following components:

- *Non-spendable* includes fund balance amounts that cannot be spent either because it is in non-spendable form or because of legal or contractual constraints.
- *Restricted* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers (such as grantors, bondholders, and higher levels of government) or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Clerk. To be reported as *committed*, amounts cannot be used for any other purpose unless the Clerk takes the same highest level action to remove or change the constraint.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance: (Continued)

- *Assigned* includes fund balance amounts that the Clerk intends to use for specific purposes as determined by the Clerk that are neither considered restricted nor committed.
- *Unassigned* fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. Positive amounts are reported only in the General Fund.

When both restricted and unrestricted fund balances are available for use, it is the Clerk's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use it is the Clerk's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Net Position:

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

- *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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets where constraints are placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

When both restricted and unrestricted resources are available for use, it is the policy of the Clerk to use restricted resources first, then unrestricted as needed.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Pension Plans:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Clerks' of Court Retirement and Relief Fund (LCCRRF) and changes in LCCRRF's fiduciary net position have been determined on the same basis as they are reported by LCCRRF. 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.

Prepaid Expenses:

Prepaid expenses are recorded in the year that the expenditure is accrued using the consumption method.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements. They may also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Cash and Cash Equivalents:

At June 30, 2018, the Clerk had cash and cash equivalents as follows:

	General Fund	Fiduciary Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Petty cash	\$ 4,124	\$ -	\$ 4,124
Interest bearing deposits	1,748,570	10,961,478	12,710,048
LAMP - pooled account	<u>700,000</u>	<u>1,450,000</u>	<u>2,150,000</u>
 Total cash and cash equivalents	 <u>\$ 2,452,694</u>	 <u>\$ 12,411,478</u>	 <u>\$ 14,864,172</u>

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Cash and Cash Equivalents: (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Clerk's deposits might not be recovered. At June 30, 2018, the Clerk had \$13,447,990 in deposits (collective bank balances), which included \$2,303,447 in interest bearing bank accounts within the General Fund, and \$11,144,543 in interest bearing bank accounts within the Fiduciary Funds. Under state law, deposits within a bank must be secured by federal deposit insurance or the pledged securities in joint custody. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. All deposits were fully insured or collateralized.

Louisiana Asset Management Pool, Inc. (LAMP):

LAMP is a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investments pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest rate risk: Money market-like investment pools are excluded from this disclosure requirement, per paragraph 15 of GASB Statement No. 40.
- Foreign currency risk: Not applicable to money market-like pools.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Louisiana Asset Management Pool, Inc. (LAMP): (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. The LAMP administrative office can be reached at 800-249-5267 for any questions.

Investments:

As of June 30, 2018, the Clerk had investments in certificates of deposit with original maturity dates over 90 days as follows:

	General Fund	Fiduciary Funds	Total
Certificates of deposit	\$ 2,400,000	\$ 3,100,000	\$ 5,500,000

The Clerk categorizes the fair value measurements of its investments based on the hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 are significant unobservable inputs. All of the Clerk's investments are measured using Level 1 inputs.

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Clerk will not be able to recover the value of its investments that are in the possession of an outside party. At June 30, 2018, certificates of deposit with original maturity dates greater than 90 days totaled \$2,400,000 for the General Fund and \$3,100,000 for the Fiduciary Fund. These balances were fully secured by federal deposit insurance and pledged securities held by the custodial bank in joint custody as of June 30, 2018. The Clerk has no policy on custodial credit risk.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

2. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Clerk invested in certificates of deposit that are due to mature within one year. The Clerk has no policy on interest rate risk.

Concentration of Credit Risk:

Concentration of credit risk relates to the amount of investments in any one entity. At June 30, 2018, the Clerk had no investments in any one entity which exceeded 5% of total investments, except for investments in the LAMP account, which is a pooled account excluded from the 5% rule. The Clerk has no policy on concentration of credit risk.

3. CAPITAL ASSETS:

The following is a summary of changes in capital assets during the period July 1, 2017 to June 30, 2018.

	<u>Balance</u> <u>July 01, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Computers, furniture and equipment	\$ 921,617	\$ 62,003	\$ -	\$ 983,620
Less: accumulated depreciation	<u>(826,810)</u>	<u>(43,369)</u>	<u>-</u>	<u>(870,179)</u>
Net capital assets	<u>\$ 94,807</u>	<u>\$ 18,634</u>	<u>\$ -</u>	<u>\$ 113,441</u>

Depreciation expense of \$43,369 for the year ended June 30, 2018 was charged to the following governmental functions/programs:

Administration	\$ 7,244
Recording and filings	5,330
Mortgage certificates	4,117
Civil suits and probates	16,005
Criminal suits and minutes	9,775
Elections	898
	<u>\$ 43,369</u>

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

4. LONG-TERM OBLIGATIONS:

A summary of long-term obligations is as follows:

	(Restated) Balance July 01, 2017	Net Increase (Decrease)	Balance June 30, 2018	Due Within One Year
Other postemployment benefits	\$ 12,765,768	\$ 470,743	\$ 13,236,511	\$ -
Net pension liability	10,235,458	(2,058,673)	8,176,785	-
	<u>\$ 23,001,226</u>	<u>\$ (1,587,930)</u>	<u>\$ 21,413,296</u>	<u>\$ -</u>

5. RISK MANAGEMENT:

The Clerk is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk, along with other Clerks of Court in the State of Louisiana, is a member of the Louisiana Association of Clerks of Court Risk Management Agency (LACCRM). LACCRM is a public entity risk pool currently operating as a common risk management and insurance program for the members of the Clerks of Court. The Clerks pay an annual premium to LACCRM for their general insurance coverage. The Articles of Association of the LACCRM provide that LACCRM will be self-sustaining through member premiums. The LACCRM pays claims, in excess of the Clerk's deductible of \$3,750, up to a maximum limit of \$1,000,000 for each insured event. No settlements exceeded insurance coverage for each of the past three fiscal years. For the year ended June 30, 2018, the Clerk's general risk insurance expenditure totaled \$54,181.

From time to time, the Clerk is involved as a defendant in actual or threatened litigation, which is not covered by insurance. At June 30, 2018, there were no pending or threatened claims, which, in the opinion of the Clerk's legal advisors, would have a material adverse effect on the financial statements, should such claims be settled in favor of the plaintiffs.

6. PENSION PLAN:

Plan Description:

Substantially all employees of the Clerk are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by the Louisiana Clerk of Court Retirement and Relief Fund (LCCRRF).

LCCRRF 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 parish courts, each of the courts of appeal, each of the city and

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Plan Description: (Continued)

traffic courts in cities having a population in excess of four hundred thousand at the time of entrance into the LCCRRF, and the Louisiana Clerks' of Court Association. 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 LCCRRF in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

LCCRRF issues an annual publicly available financial report that includes financial statements and required supplementary information for LCCRRF. That report may be obtained on the Louisiana Clerks' of Court Retirement and Relief Fund website: [www.laclerksofcourt.org](http://www.laclerksofcourt.org).

Benefits Provided:

A member or former member shall be eligible for regular retirement benefits upon attaining 12 or more years of credited service, attaining the age of 55 years or more, and terminating employment. Regular retirement benefits, payable monthly for life, equal 3 $\frac{1}{3}$ % of the member's average final compensation multiplied by the number of years of credited service, not to exceed 100% of the monthly average final compensation. Monthly average final compensation is based on the highest compensated 36 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 60 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 60 consecutive months to all members. This Act has a transition period for those members who retired 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 12 years of 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:

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Disability Benefits: (Continued)

- a. A member who is totally and permanently disabled solely as the result of injuries sustained in the performance of his official duties shall be paid monthly benefits equal to the greater of one-half of his monthly average final compensation or, at the option of the disability retiree, 2½% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$25 for each year of his credited service or two-thirds of his monthly average final compensation, whichever is less.
- b. A member who has 10 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 3% of his monthly average final compensation multiplied by the number of his years of credited service; however, such monthly benefit shall not exceed \$35 for each year of his credited service or 80% 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 July 1, 2008.

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

- a. The member's disability was caused solely as a result of injuries sustained in the performance of their official duties.
- b. The member has at least 10 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:

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

A member leaving covered employment before attaining early retirement age but after completing 12 years of 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.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Survivor Benefits:

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

Deferred Retirement Option Plan:

In lieu of terminating employment and accepting a service retirement allowance, any member of LCCRRF who is eligible for a service retirement allowance may elect to participate in the Deferred Retirement Option Plan (DROP) for up to 36 months and defer the receipt of benefits. Upon commencement of participation in the Plan, active membership in LCCRRF 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 LCCRRF. 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 LCCRRF. Interest is paid on DROP account balances for members who complete their DROP participation but do not terminate employment. Interest accruals cease upon termination of employment. 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

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Deferred Retirement Option Plan: (Continued)

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 36 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 \$40 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. In order to grant any cost-of-living increase the LCCRRF must meet criteria as detailed in the Louisiana statutes related to funding status.

Contributions:

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2018, the actual employer contribution rate was 19.00%. For the year ended June 30, 2018, the actuarially determined employer contribution rate was 16.99%. 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, LCCRRF 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. For the year ended June 30, 2018, the Clerk recognized revenue from non-employer contributing entities in the amount of \$578,358 on the Statement of Activities.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Schedule of Employer Allocations:

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentage. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of LCCRRF. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The resulting allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

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

At June 30, 2018, the Clerk reported a liability of \$8,176,785 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's proportion of the measured net pension liability was based the Clerk's share of actual contributions to the pension plan relative to the actual contributions of all participating employers. At the June 30, 2017 measurement date, the Clerk's proportion was 5.405%, which was a decrease of 0.128% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Clerk recognized pension expense of \$106,494. At June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 273,136	\$ 240,070
Changes of assumptions	356,618	-
Net difference between projected and actual earnings on pension plan investments	111,983	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	389	361,793
Employer contributions subsequent to the measurement date	1,043,545	-
Total	<u>\$ 1,785,671</u>	<u>\$ 601,863</u>

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Deferred outflows of resources of \$1,043,545 related to pensions resulting from the Clerk's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 17,384
2020	348,383
2021	101,995
2022	(327,499)
2023	-
Thereafter	-
	\$ 140,263

Actuarial Assumptions:

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.00%
Inflation	2.50%
Salary Increases	5.00%
Dates of Experience Study	2009 - 2014
Mortality Rates	RP-2000 Mortality Table
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.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used are based on the assumptions used in the 2017 actuarial funding valuation which (with the exception of mortality) were based on results of an actuarial experience study for the period July 1, 2009 through 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 System'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 7.60% as of June 30, 2017. The best estimates of geometric real rates of return for each major asset class included in LCCRRF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Fixed Income:		
Core fixed income	5.00%	1.75%
Core plus fixed income	15.00%	2.25%
Domestic Equity:		
Large cap domestic equity	21.00%	5.25%
Non-large cap domestic equity	7.00%	5.00%
International Equity:		
Large cap international equity	14.00%	5.25%
Small cap international equity	6.50%	5.25%
Emerging markets	6.50%	7.25%
Real Estate	10.00%	4.50%
Master Limited Partnerships	5.00%	7.00%
Hedge Funds	10.00%	3.00%
	<u>100.00%</u>	

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

6. PENSION PLAN: (Continued)

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 System's actuary. Based on those assumptions, the System'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's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Clerk's proportionate share of the net pension liability of LCCRFF as of June 30, 2017 using the discount rate of 7.00%, as well as what the Clerk's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Changes in Discount Rate		
	1.0% Decrease 6.00%	Current Discount Rate 7.00%	1.0% Increase 8.00%
Net Pension Liability	\$ 12,513,417	\$ 8,176,785	\$ 4,495,140

Pension Plan Fiduciary Net Position:

Detailed information about the pension plans fiduciary net position is available in the separately issued financial reports for Louisiana Clerks' of Court Retirement and Relief Fund and can be obtained on LCCRFF's respective website: [www.laclerksofcourt.org](http://www.laclerksofcourt.org), or on the Louisiana Legislative Auditor's website: [www.la.la.gov](http://www.la.la.gov).

Payables to the Pension Plan:

As of June 30, 2018, the Clerk had no outstanding amount of contributions payable to LCCRFF.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Plan Description:

The St. Tammany Parish Clerk of Court (the Clerk) provides certain continuing health care benefits for its retired employees. The St. Tammany Parish Clerk of Court's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the Clerk. The authority to establish and/or amend the obligation of the employer, employees and retirees, rests with the Clerk. The plan is funded on a pay-as-you-go basis and there are no plan financial statements. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Benefits Provided:

Medical and dental benefits are provided through comprehensive plans and are made available to employees upon actual retirement. The medical and dental plan provisions are included in the official plan documents.

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	56
Inactive employees entitled to but not yet receiving benefit payme	-
Active employees	<u>151</u>
Total	<u><u>207</u></u>

Contributions:

The Clerk pays the cost of the retiree coverage, less the portion paid by the retiree, as those premiums come due each year. During the fiscal year ended June 30, 2018, the Clerk paid \$195,262 for retiree insurance premiums.

Actuarial Methods and Assumptions:

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.62%
Salary Increases	3.0%, including inflation
Inflation	2.5%
Healthcare Cost Trend Rate	Flat 5.5% annually
Mortality	SOA RP-2000 combined table without projection with 50%/50% unisex blend.

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Actuarial Methods and Assumptions: (Continued)

The discount rate was based on the average of the Fidelity AA 20 year general obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in the Total OPEB Liability:

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$12,765,768
Changes for the year:	
Service Cost	662,748
Interest	486,112
Differences between expected and actual experience	(482,855)
Benefit payments and net transfers	<u>(195,262)</u>
Net changes	<u>470,743</u>
Balance at June 30, 2018	<u><u>\$13,236,511</u></u>

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

The following presents the Clerk's total OPEB liability, as well as what the Clerk's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point-higher (4.62%) than the current discount rate:

	<u>1.0% Decrease (2.62%)</u>	<u>Current Discount Rate (3.62%)</u>	<u>1.0% Increase (4.62%)</u>
Total OPEB Liability	<u>\$ 15,850,589</u>	<u>\$ 13,236,511</u>	<u>\$ 11,167,807</u>

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

The following presents the Clerk's net OPEB liability, as well as what the Clerk's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point-lower (4.5%) or 1-percentage-point-higher (6.5%) than the current healthcare cost trend rates:

ST. TAMMANY PARISH CLERK OF COURT  
 NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates: (Continued)

	1.0% Decrease (4.5%)	Healthcare Cost Trend Rates (5.5%)	1.0% Increase (6.5%)
Total OPEB Liability	\$ 11,110,700	\$ 13,236,511	\$ 15,985,721

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB:

The Clerk's total OPEB liability of \$13,236,511 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

For the year ended June 30, 2018, the Clerk recognized OPEB expense of \$1,122,035. As of June 30, 2018, the Clerk reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (456,030)
Total	\$ -	\$ (456,030)

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

Year Ended	
2019	\$ (26,825)
2020	(26,825)
2021	(26,825)
2022	(26,825)
2023	(26,825)
Thereafter	(321,905)
Total	\$ (456,030)

Payables to the OPEB Plan:

As of June 30, 2018, the Clerk had no outstanding payable to the OPEB plan.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

8. DEFERRED COMPENSATION PLAN:

Certain employees of the Clerk participate in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. After one year of employment, the Clerk’s office matches the employee’s contribution for the first \$200 contributed. Employee contributions over \$200 are matched by the Clerk’s office up to 6.5% of the employee’s annual salary. After 10 years of employment, the Clerk’s office increases the percentage to 10.5% of the employee’s annual salary. Complete disclosures related to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana, 70804-9397. Total deferred compensation expenditure at June 30, 2018 was \$243,263.

9. INTERFUND RECEIVABLES AND PAYABLES:

Interfund receivables and payables represent outstanding balances between funds that result from timing differences between when transactions are recorded in the accounting system, and when payments between funds are settled. As of June 30, 2018, the General Fund has a receivable in the amount of \$79,373 due from the Advance Deposit Fiduciary Fund.

10. OPERATING LEASES:

The Clerk leases various copiers on a month-to-month basis. Total rental expenditures under these leases totaled \$56,713 for the year ended June 30, 2018.

11. CHANGE IN AGENCY FUND UNSETTLED DEPOSITS:

The following is a summary of changes in agency fund unsettled deposits.

	Unsettled Deposits July 1, 2017	Additions	Reductions	Unsettled Deposits June 30, 2018
Advance Deposit	\$ 6,775,633	\$ 8,169,230	\$ (7,624,407)	\$ 7,320,456
Registry of Court	8,505,610	3,230,654	(3,545,242)	8,191,022
	\$ 15,281,243	\$ 11,399,884	\$ (11,169,649)	\$ 15,511,478

12. COMMITMENTS:

As of June 30, 2018, the Clerk was contractually committed to spending \$1,260,350 for a software license over a period of five years, and \$365,228 for the purchase of software. The general fund will be used to fund these commitments.

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

13. CHANGE IN ACCOUNTING PRINCIPLE:

Effective July 1, 2017, The St. Tammany Parish Clerk of Court adopted Governmental Accounting Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for defined benefit other postemployment benefit plans (OPEB). This Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

As a result of the adoption of the new accounting standard, the Clerk's beginning net position reported on the government-wide financial statements decreased by \$7,694,801 and beginning OPEB liability increased by \$7,694,801.

ST. TAMMANY PARISH CLERK OF COURT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Fees, charges, and commissions for services:				
Court costs, fees, and charges	\$ 4,770,100	\$ 4,916,559	\$ 5,095,105	\$ 178,546
Fees for recording legal documents	3,749,000	5,243,962	5,444,692	200,730
Fees for certified copies	317,000	228,129	222,759	(5,370)
Interest income	44,000	118,965	130,348	11,383
Internet income	660,000	651,742	650,158	(1,584)
Other	254,400	219,870	96,042	(123,828)
Total revenues	<u>9,794,500</u>	<u>11,379,227</u>	<u>11,639,104</u>	<u>259,877</u>
<b>EXPENDITURES:</b>				
Current:				
Administration	308,919	321,765	321,704	61
Recordings and filings	1,136,515	1,453,973	1,389,579	64,394
Mortgage certificates	1,389,939	1,057,152	1,072,823	(15,671)
Civil suits and probates	3,239,571	4,197,768	4,182,374	15,394
Criminal suits and minutes	2,127,777	2,715,328	2,554,318	161,010
Elections	362,141	299,405	234,706	64,699
Information technology	306,209	479,666	535,599	(55,933)
Finance	205,395	200,119	213,147	(13,028)
Human resources	191,345	325,971	349,652	(23,681)
Records management	-	15,398	115,134	(99,736)
Purchasing	-	67,890	77,767	(9,877)
Retirees	496,000	244,792	224,066	20,726
Capital outlay	-	-	62,003	(62,003)
Total expenditures	<u>9,763,811</u>	<u>11,379,227</u>	<u>11,332,872</u>	<u>46,355</u>
Net change in fund balance	30,689	-	306,232	306,232
FUND BALANCE, BEGINNING	<u>4,740,413</u>	<u>4,740,413</u>	<u>4,740,413</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 4,771,102</u>	<u>\$ 4,740,413</u>	<u>\$ 5,046,645</u>	<u>\$ 306,232</u>

ST. TAMMANY PARISH CLERK OF COURT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN THE CLERK'S NET  
 OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB liability:	
Service cost	\$ 662,748
Interest	486,112
Changes in benefit terms	-
Differences between expected and actual experience	(482,855)
Changes in assumption	-
Benefit payments	<u>(195,262)</u>
Net change in total OPEB liability	470,743
Total OPEB liability - beginning	<u>12,765,768</u>
Total OPEB liability – ending	<u><u>\$ 13,236,511</u></u>
Covered-employee payroll	\$ 5,708,390
Total OPEB liability as a percentage of covered-employee payroll	231.88%

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

ST. TAMMANY PARISH CLERK OF COURT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE CLERK'S PROPORTIONATE SHARE OF  
 NET PENSION LIABILITY  
FOR THE FOUR YEARS ENDED JUNE 30, 2018

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a % of its Covered- Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
6/30/18	5.404588%	\$ 8,176,785	\$ 4,871,547	167.85%	79.69%
6/30/17	5.532757%	\$ 10,235,458	\$ 5,041,284	203.03%	74.17%
6/30/16	5.696949%	\$ 8,545,603	\$ 5,030,343	169.88%	78.13%
6/30/15	5.575037%	\$ 7,756,454	\$ 4,894,769	158.46%	79.37%

The amounts presented above have a measurement date of the previous fiscal year.

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

ST. TAMMANY PARISH CLERK OF COURT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS TO THE  
 LOUISIANA CLERKS' OF COURT RETIREMENT AND RELIEF FUND  
FOR THE FOUR YEARS ENDED JUNE 30, 2018

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/18	\$ 1,043,545	\$ 1,043,545	\$ -	\$ 5,492,342	19.00%
6/30/17	\$ 925,594	\$ 925,594	\$ -	\$ 4,871,547	19.00%
6/30/16	\$ 957,844	\$ 957,844	\$ -	\$ 5,041,284	19.00%
6/30/15	\$ 955,765	\$ 978,995	\$ (23,230)	\$ 5,030,343	19.46%

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

ST. TAMMANY PARISH CLERK OF COURT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018

1. BUDGETARY BASIS OF ACCOUNTING:

The General Fund budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with the accounting principles generally accepted in the United States of America.

2. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 7 to the financial statements.

There were no changes in benefit terms or assumptions for the year presented.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

3. PENSION:

Changes in Benefit Terms:

There were no changes to benefit terms during any of the years presented.

Changes of Assumptions:

There were no changes of assumptions for the fiscal year end June 30, 2018.

Reporting Date	June 30, 2018	June 30, 2017
Valuation Date	June 30, 2017	June 30, 2016
Discount Rate	7.00%	7.00%
Inflation Rate	2.50%	2.50%
Project Salary Increases	5.00%	5.00%

ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF REVENUES  
 GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

COURT COSTS, FEES, AND CHARGES:

Fees - advance deposit	\$ 4,193,473
Criminal costs	569,990
Non-support	180,932
Court attendance	31,680
Birth certificates	87,731
Marriage licenses	26,784
SE legal service costs	3,415
Other	1,100
Total court costs, fees, and charges	5,095,105

RECORDING LEGAL DOCUMENTS:

Recording	4,610,674
Portal fees	111,900
Cancellations	539,256
Certificates	34,264
UCC fees	128,968
Parish council costs	19,630
Total recording legal documents	5,444,692

CERTIFIED COPIES	222,759
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INTEREST INCOME	130,348
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INTERNET INCOME	650,158
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OTHER REVENUE:

Passport fees	75,790
Other	20,252
Total other revenue	96,042

TOTAL REVENUE	\$ 11,639,104
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ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EXPENDITURES  
 GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

ADMINISTRATION:

Personnel services	\$ 235,310
Operating services	70,710
Materials and supplies	5,810
Seminars and conventions	9,874
Total administration	321,704

RECORDING AND FILINGS:

Personnel services	1,220,675
Operating services	84,750
Materials and supplies	70,195
Seminars and conventions	13,959
Total recording and filings	1,389,579

MORTGAGE CERTIFICATES:

Personnel services	857,824
Operating services	85,549
Materials and supplies	121,988
Seminars and conventions	7,462
Total mortgage certificates	1,072,823

CIVIL SUITS AND PROBATES:

Personnel services	3,088,837
Operating services	701,897
Materials and supplies	202,305
Seminars and conventions	12,715
Total civil suits and probates	4,005,754

CRIMINAL SUITS AND MINUTES:

Personnel services	2,001,949
Operating services	401,176
Material and supplies	138,310
Seminars and conventions	12,883
Total criminal suits and minutes	2,554,318

(Continued)

ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EXPENDITURES  
 GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

ELECTIONS:

Personnel services	\$ 183,353
Operating services	20,385
Materials and supplies	30,828
Seminars and conventions	140
Total elections	234,706

INFORMATION TECHNOLOGY:

Personnel services	209,709
Operating services	254,066
Materials and supplies	71,691
Seminars and conventions	133
Total information technology	535,599

FINANCE:

Personnel services	162,724
Operating services	27,405
Materials and supplies	19,113
Seminars and conventions	3,905
Total finance	213,147

HUMAN RESOURCES:

Personnel services	301,131
Operating services	14,575
Materials and supplies	31,813
Seminars and conventions	2,133
Total human resources	349,652

RETIREEES:

Personnel services	224,066
Total retirees	224,066

(Continued)

ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EXPENDITURES  
 GOVERNMENTAL FUND - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018

RECORDS MANAGEMENT:

Personnel services	\$ 83,409
Operating services	4,040
Materials and supplies	24,120
Seminars and conventions	3,565
Total records management	115,134

PURCHASING:

Personnel services	61,368
Operating services	7,997
Materials and supplies	8,385
Seminars and conventions	17
Total purchasing	77,767

SLIDELL OFFICE:

Personnel services	143,192
Operating services	7,458
Materials and supplies	25,934
Seminars and conventions	36
Total Slidell office	176,620

CAPITAL OUTLAY

62,003

TOTAL EXPENDITURES

\$11,332,872

ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES IN UNSETTLED DEPOSITS - AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Advance Deposit Fund</u>	<u>Registry of Court Fund</u>	<u>Total</u>
ADDITIONS:			
Deposits:			
Suits and successions	\$ 8,165,013	\$ -	\$ 8,165,013
Judgments	-	3,113,299	3,113,299
Interest earned on investments	4,217	117,355	121,572
Total additions	<u>8,169,230</u>	<u>3,230,654</u>	<u>11,399,884</u>
REDUCTIONS:			
Clerk costs	4,393,119	5,713	4,398,832
Settlement to litigants	1,867,373	3,501,963	5,369,336
Other	509,986	37,566	547,552
Sheriff's fees	483,290	-	483,290
Parish council costs	167,603	-	167,603
22nd Judicial District Court fund	106,350	-	106,350
Secretary of State	63,750	-	63,750
Stenographer fees	17,575	-	17,575
Court of Appeals	15,361	-	15,361
Total reductions	<u>7,624,407</u>	<u>3,545,242</u>	<u>11,169,649</u>
Change in agency funds unsettled deposits	544,823	(314,588)	230,235
Unsettled deposits, beginning of the year	<u>6,775,633</u>	<u>8,505,610</u>	<u>15,281,243</u>
Unsettled deposits, end of the year	<u>\$ 7,320,456</u>	<u>\$ 8,191,022</u>	<u>\$15,511,478</u>

ST. TAMMANY PARISH CLERK OF COURT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COMPENSATION, BENEFITS,  
 AND OTHER PAYMENTS TO THE CLERK OF COURT  
FOR THE YEAR ENDED JUNE 30, 2018

Salary	\$ 126,345
Certification pay	8,844
Statutory allowance expense	15,859
Statutory allowance auto expense	15,859
Statutory allowance supplemental pay	23,400
Statutory allowance custodian voting machines	2,400
Benefits - medical, dental, and life insurance	10,731
Benefits - retirement	6,800
Benefits - 457 (b) matching	9,352
Benefits - health savings account employer contribution	1,829
Lodging	4,036
Meals	51
Convention seminar registration	<u>5,191</u>
 Total compensation, benefits, and other payments	 <u><u>\$ 230,697</u></u>



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

December 21, 2018

To the Honorable Melissa Henry  
St. Tammany Parish Clerk of Court  
Covington, 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, each major fund, and the aggregate remaining fund information of the St. Tammany Parish Clerk of Court (Clerk), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statements and have issued our report thereon dated December 21, 2018.

**Internal Control over Financial Reporting**

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

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A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 and 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana

ST. TAMMANY PARISH CLERK OF COURT  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018

SECTION I SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of the St. Tammany Parish Clerk of Court.
2. No significant deficiencies or material weaknesses.
3. No instances of noncompliance and other matters required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. A management letter was not issued for the year ended June 30, 2018.

SECTION II FINANCIAL STATEMENTS FINDINGS:

- No findings noted.

SECTION III COMPLIANCE AND OTHER MATTERS:

- No findings noted.

STATUS OF PRIOR YEAR FINDINGS:

2017-01 - Internal Control over Cash and Cash Receipts:

We noted a lack of segregation of duties in receiving, depositing, and recording cash receipts. We recommended that duties should be segregated to ensure that no one person has control over all parts of a financial transaction. We also recommended that the Clerk have a separate cashier who is responsible for logging daily cash receipts and preparing the daily cash deposit.

This finding was resolved for 2018.

ST. TAMMANY PARISH CLERK OF COURT

AGREED-UPON PROCEDURES

JUNE 30, 2018



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INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
ST. TAMMANY PARISH CLERK OF COURT

December 18, 2018

To the Honorable Melissa Henry  
St. Tammany Parish Clerk of Court  
Covington, Louisiana

We have performed the procedures enumerated below in accordance with Act 774 of the 2014 Regular Legislative Session, as amended, which were agreed to by the management of St. Tammany Parish Clerk of Court and the Louisiana Legislative Auditor. This engagement is solely to assist the St. Tammany Parish Clerk of Court and the Louisiana Legislative Auditor in assessing certain internal controls and in evaluating compliance with certain laws and regulations, as of and for the year ended June 30, 2018. Management is responsible for the internal controls and compliance areas identified in the agreed upon procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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### *Credit Card (follow-up)*

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- 1) Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No findings were noted as a result of applying the procedure above.

- 2) Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

No findings were noted as a result of applying the procedure above.

### *Collections*

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- 3) Obtain and inspect the entity's written policies and procedures over collections and observe that they address receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

No findings were noted as a result of applying the procedure above.

- 4) Obtain a listing of deposit sites (i.e., a physical location where a deposit is prepared and reconciled) for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

No findings were noted as a result of applying the procedure above.

- 5) For each deposit site selected, obtain a listing of collection locations (physical location where cash is collected) and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. five collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/ registers.

No findings were noted as a result of applying the procedure above.

- b) Each employee responsible for collecting cash is not responsible for preparing/ making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No findings were noted as a result of applying the procedure above.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/ official is responsible for reconciling ledger postings to each other and to the deposit.

No findings were noted as a result of applying the procedure above.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No findings were noted as a result of applying the procedure above.

- 6) Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No findings were noted as a result of applying the procedure above.

- 7) Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select two deposit dates for each of the five bank accounts selected. Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No findings were noted as a result of applying the procedure above.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No findings were noted as a result of applying the procedure above.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No findings were noted as a result of applying the procedure above.

- d) Observe that the deposit was made within one business day of receipt at the collection location.

No findings were noted as a result of applying the procedure above.

- e) Trace the actual deposit per the bank statement to the general ledger.

No findings were noted as a result of applying the procedure above.

- 8) Obtain a listing of account adjustments and/or write-offs during the fiscal period and management's representation that the listing is complete. Randomly select 10 account adjustments/write-offs (or all adjustments/write-offs if less than 10). Obtain supporting documentation for each selected adjustment/write-off and observe that the adjustment/write-off was performed in accordance with written policies and procedures and by someone independent of the collection and deposit process.

No findings were noted as a result of applying the procedure above.

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 the control and compliance areas identified. 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the agreed upon procedures, and the results 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 Legislative Auditor as a public document.

***Duplantier, Hrapmann, Hogan & Maher, LLP***

New Orleans, Louisiana